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CONSOLIDATED

GAS PURCHASE CONTRACTS

Westcoast Transmission Company Limited

Vol. C-18-3

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# I N D E X

## GAS PURCHASE CONTRACTS

### A. British Columbia:

1. Consolidated Agreement - Pacific Petroleum - B.C. Fields.

Abstract of Amendments.

2. Consolidated Agreement - White, Lloyd, et al - Blueberry Field.

Abstract of Amendments.

3. Consolidated Agreement - Gulf States, El Paso - Gundy Creek Field.

Letter dated August 31, 1955.

Abstract of Amendments.

4. Initial Gas Purchase Agreement, dated October 22, 1956  
- Phillips Petroleum - Peace River Area.

5. Peace River Gas Purchase Agreement, dated October 22, 1956  
- Phillips Petroleum.

Letter dated November 7, 1956 - re rights of termination.

### B. Alberta - Peace River Area.

1. Letter dated January 4, 1955 listing requirements from Alberta fields.

Agreement dated February 1, 1955 - Westcoast Alberta and Westcoast Limited.

2. Consolidated Agreement - Pacific Petroleum - South Pouce Coupe.

Abstract of Amendments.

Letter dated August 7, 1956 to Pacific and Peace River Transmission.

3. Consolidated Agreement - Pacific & Peace River - Pouce Coupe.

Abstract of Amendments.







4. Consolidated Agreement - Royalite, Canadian Fina - Gordondale.

Abstract of Amendments.

5. Consolidated Letter Agreement - Royalite, Canadian Fina - Saddle Hills.

Abstract of Amendments.

6. Consolidated Agreement - Imperial Oil - Belloy.

Abstract of Amendments.

7. Agreement - Pathfinder Petroleums - Pouce Coupe Extension.

8. Agreement - Shell Oil - Whitelaw.

9. Agreement - British American - Whitelaw.

C. Alberta - Southern Alberta.

1. Savanna Creek Agreement - Phillips, Northern, et al.

Letter dated August 1, 1957 - re sale of sulphur.

Letter dated August 1, 1957 - re payment of royalty.

2. Letter Agreement - Jefferson Lake - East Calgary Field.

Letter of Clarification dated July 3, 1957.

3. Letter Agreement - Merrill Petroleums - East Calgary Field.











DATED  
REVISED TO

1st day of February,  
26th day of August,

A.D. 1955  
A.D. 1957

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BETWEEN:

PACIFIC PETROLEUMS LTD. ,

The "Seller" of the First Part,

- and -

WESTCOAST TRANSMISSION COMPANY LIMITED,

The "Buyer" of the Second Part.

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GAS PURCHASE AGREEMENT

B.C. FIELDS

Re: Red Creek, Buick Creek,  
Fort St. John, Kiskatinaw,  
Sunrise, Pouce Coupe B.C.,  
Parkland, Kilkeran, British  
Columbia.

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THIS AGREEMENT made this 1st day of February, A.D. 1955,  
amended to and including August 26, 1957.

BETWEEN:

PACIFIC PETROLEUMS LTD., a body  
corporate with an office in the City  
of Calgary, in the Province of Alberta,

(hereinafter called the "Seller")

OF THE FIRST PART,

- and -

WESTCOAST TRANSMISSION COMPANY LIMITED,  
a body corporate incorporated by Act of Parliament  
of Canada, with head office at the City of Calgary,  
in the Province of Alberta,

(hereinafter called the "Buyer")

OF THE SECOND PART.

WITNESSETH that in consideration of the mutual covenants hereinafter  
set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the  
parties hereto as follows:-

ARTICLE I

REPRESENTATIONS

1. Buyer's Representations:

The Buyer represents that it proposes to construct and operate a natural  
gas transmission line, (hereinafter referred to as "the pipeline"), from gas fields in  
northern Alberta and northern British Columbia to a point on the International Boundary





between the Province of British Columbia and the State of Washington near Sumas, Washington, and serve customers in British Columbia en route. The Buyer will sell gas at a connection in the vicinity of Sumas to a pipeline system to be constructed by its United States customer.

The Buyer proposes to purchase gas from the Seller for transmission through the pipeline for delivery to the customers of the Buyer.

2. Seller's Representations:

The Seller represents that it owns or controls the natural gas rights in and under the lands described in Schedule "A" hereto attached and by reference made a part hereof.

The Seller further represents that the Seller is willing, subject to the provisions of this contract, except as to gas reserved to the Seller as herein provided, to make available to the pipeline to be constructed by Buyer its gas produced from the said lands.

3. Buyer's Performance with Diligence:

The Buyer agrees to proceed with diligence with its endeavours to procure all Governmental authorities, permits and rights necessary for the construction and operation of its pipeline, and upon procuring the same to proceed with diligence with the construction of its said pipeline facilities. HOWEVER, upon the happening of any one of the following contingencies, to wit:-



- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States, containing terms and conditions satisfactory to such customer or customers;
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956;

the Seller shall have the right to terminate this contract by written notice to be delivered to Buyer at any time after happening of any such contingency.

#### 4. Seller's Performance with Diligence:

Seller agrees that it will be ready to deliver gas under this contract whenever the pipeline facilities of the Buyer are ready to receive the same.

HOWEVER, upon the happening of any of the following contingencies, to wit:

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States, containing terms and conditions satisfactory to such customer or customers;
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956;
- (c) The failure of the Seller to complete its facilities to deliver gas hereunder to the Buyer not later than the day upon which Buyer shall have completed the pipeline facilities required to take deliveries of gas;





the Buyer shall have the right to terminate this contract by written notice to be delivered to Seller at any time after the happening of any such contingency.

5. Non-Waiver of Remedies:

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described in Sections 3 and 4 of this Article I shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.

ARTICLE II

TERM

1. Subject to prior termination under the provisions of Article I or Section 3 of Article VI hereof, this Agreement shall remain in force and effect from the date hereof for the term of the Leases in effect from time to time covering the lands described in Schedule "A", and subject to the renewal thereof, as long thereafter as gas shall be produced from the lands covered by the Leases in such amount as in Seller's judgment is profitable to the Seller, or until the amount of gas available to Buyer hereunder shall no longer be profitable in Buyer's judgment to the Buyer.

ARTICLE III

DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this Agreement shall have the following meanings:-





1. The term "day" shall mean a period of Twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A.M. Pacific Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A.M. on the First day of the calendar month and ending at Eight (8:00) A.M. on the First day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning January First and ending December Thirty-first.
4. The term "cubic foot" shall mean the volume of gas which occupies One (1) cubic foot when such gas is at a temperature of Sixty Degrees Fahrenheit ( $60^{\circ}\text{F.}$ ), and at a pressure of Fifteen and Twenty-five thousandths (15.025) pounds per square inch absolute.
5. The term "Mcf" shall mean One Thousand (1,000) cubic feet of gas.
6. The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of One (1) pound of water One Degree Fahrenheit ( $1^{\circ}\text{F.}$ ) at Sixty Degrees Fahrenheit ( $60^{\circ}\text{F.}$ ).
7. The term "total heating value", when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of One (1) cubic foot at a temperature of Sixty Degrees Fahrenheit ( $60^{\circ}\text{F.}$ ), if saturated with water vapor, and under a pressure equal to that of Thirty (30) inches of mercury at Thirty-two Degrees Fahrenheit ( $32^{\circ}\text{F.}$ ) and under standard gravitation



force (acceleration Nine Hundred and Eighty and Six Hundred and Sixty-five Thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.

8. The term "Buyer" shall mean Westcoast Transmission Company Limited.
9. The term "Seller" shall mean Pacific Petroleum Ltd. or its assignee.
10. The term "Lease" shall mean and include any document by virtue of which the Seller is entitled to own, drill for and produce and sell gas from the lands described in the Schedule "A" hereto attached.
11. The term "natural gas" means natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
12. The term "billing demand" means the total of the contract demand under the terms of the contract made between Westcoast Transmission Company Limited and Pacific Northwest Pipeline Corporation dated December 11th, 1954, and the maximum quantity of firm gas delivered by Westcoast Transmission Company Limited to its customers in British Columbia on any one day during the twelve months ending with the





billing month, exclusive however, of gas delivered by Westcoast Transmission Company Limited to its customers both in Canada and the United States on an interruptible basis, that is to say, subject to curtailment or interruption upon notice by Westcoast Transmission Company Limited whenever and to the extent that in the sole judgment of Westcoast Transmission Company Limited such curtailment or interruption is necessary.

13. The term "Gas" shall have the same meaning as natural gas.
14. The term "Gallon" means Imperial Gallon.
15. The term "Barrel" means a barrel of thirty-five (35) gallons.
16. The term "GPM" means gallons per Mcf.
17. The term "LPG" means liquefied petroleum gas consisting of propane and butane.
18. The term "GPM of LPG" means the GPM of propane and butane.
19. The term "Pentanes Plus" means Pentane and heavier hydrocarbons.
20. The term "GPM of Pentanes Plus" means the GPM of Pentanes and heavier hydrocarbons.
21. The term "LPM" means pounds per Mcf.
22. The term "LPM of Sulphur" means the LPM of Sulphur.

#### ARTICLE IV

##### AVAILABILITY OF GAS

###### 1. Gas Reserves under Contract

The Seller represents that all the Leases covered by this contract may be subject to renewal from time to time as in the said Leases provided and the Seller



is entitled to sell or dispose of all gas produced from the lands described in Schedule "A" hereto attached. Subject to the possibility of termination of this contract as herein provided and the other provisions hereof, Seller hereby agrees to maintain the said Leases in full force and effect and apply for renewals thereof from time to time and to sell and deliver to Buyer the volumes of gas to be sold and purchased in accordance with the terms hereof, produced and saved from the lands covered by the Leases as shown on Schedule "A", excepting and reserving however, the following rights:

1. The right to use such Gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require for development of Seller's properties described in Schedule "A", including, but not limited to, the use of Gas for fuel, drilling, development and operating said properties (including repressuring, cycling and pressure maintenance) for the production of oil, Gas or other minerals.
2. The right to operate the Leases covered by this contract free from any and all control by Buyer, in such manner as Seller, in its sole discretion, deems advisable, including without limitation, the right to drill new wells, repair or reword old wells, and to abandon any well or wells which Seller deems no longer profitable.
3. The right to process or to have processed for it such Gas for the extraction of hydrocarbons and to retain and dispose of (free from





any and all claims by Buyer) any and all liquids recovered by or for Seller from the Gas prior to delivery of the Gas to Buyer; provided, that Seller shall limit such processing to mechanical separation of Gas produced from any well having more than 0.5 GPM of pentanes plus where the separation of liquids will not reduce the liquid content below 0.5 GPM of pentanes plus, and to incidental separation inadvertently effected in the dehydration of the Gas for water vapor removal and other handling as required by this agreement.

4. The right to use such Gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for Seller (provided that such processing plants are located in the respective fields comprised in the lands described in Schedule "A", but whether or not the processing plants are owned by other than Seller) or for effecting delivery of the Gas to the Buyer, it being recognized by Buyer that Gas so used by the Seller, and Gas lost through process shrinkage or gathering operations, is reserved to Seller.
5. The right at all times to sell and dispose of volumes of surplus Gas which Buyer is not purchasing and which Seller, in its sole judgment and in good faith, considers prudent to establish as a reasonable rate of production of Gas from its fields in order to prevent drainage



and to permit Seller to produce its allowable quantity of oil or condensate. Subject to the above, Seller agrees not to sell surplus Gas in quantities which would deplete Seller's reserves to the extent that such reserves equal less than 10,000,000 Mcf for each 1,000 Mcf of the then daily maximum contract quantity of Gas which Seller is obligated to deliver hereunder to Buyer, said 10,000,000 Mcf being reduced by three and sixty-five hundredths per cent (3.65%) as of the end of each calendar year of the term of this contract.

2. Maintenance of Leases.

Seller shall not be required to retain by payment of rentals lands which, in Seller's judgment, have been condemned by development nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit, but before releasing any gas Lease on any such lands, Seller shall give Buyer timely notice that it proposes to release the same, and, upon demand by Buyer, assign to Buyer its interest in such gas Lease, upon payment by Buyer to Seller of the Seller's interest in the salvage value of any casing and other equipment of Seller in any well or wells located on the lands covered thereby. In the event Buyer shall, pursuant to the foregoing provisions, acquire any gas Leases, Buyer shall have the right to take into its pipeline gas produced from the lands covered by such Leases and the maximum volumes specified in Section I of Article V shall be reduced in like amount. PROVIDED that the provisions of this





paragraph shall not be construed to impose on the Seller any obligation to gather or treat such gas for the account of the Buyer.

### 3. Limitation to Legal Production

The volumes of gas that Seller shall be obligated to deliver to Buyer under the terms of this contract shall be limited to volumes of gas which can be legally produced from the lands covered by this contract less the volumes of gas excepted and reserved as provided in this contract.

### 4. Exchange of Acreage

It is understood that for the purpose of consolidating acreage subject to this contract Seller shall have the right to exchange any acreage subject to this contract for other acreage having no commitment in conflict with this contract and having underlying gas reserves and potential capacity to deliver gas at least equal to the underlying gas reserves and potential capacity to deliver gas of the acreage for which it is exchanged; PROVIDED, HOWEVER, that no such exchange shall be made which will prevent Seller from furnishing gas to Buyer in accordance with the other provisions of this contract or diminish the amount of the gas reserves available to Buyer under this contract immediately prior to such exchange. Before making any such exchange, Seller shall notify Buyer and, in the event the parties hereto shall be unable to agree concerning the volumes of the underlying gas reserves and the potential capacity to deliver gas of the acreages to be so exchanged, the determination of the volumes of such reserves and the potential capacity to



deliver gas shall be made by an engineering firm to be selected by Seller from a list of three engineering firms to be designated by Buyer, who shall be firms of high standing in their profession and experienced in the computation of gas reserves, and the determination made by such engineering firm shall be binding upon both parties hereto. The fee of such engineering firm shall be borne by Seller. Upon such exchange, the gas Leases covering acreage covered by this contract and so exchanged shall be released from all provisions of this contract and the gas Leases covering the acreage substituted therefor shall become subject to all the provisions of this contract.

## ARTICLE V

### SALE AND PURCHASE OF GAS

#### 1. Maximum Day Volume Obligation

The maximum volume of gas which Seller shall be required to deliver to Buyer hereunder in any one day during the term of this Agreement shall be 230,000 Mcf per day, PROVIDED HOWEVER, that upon notice by the Seller to the Buyer as hereinafter provided, the maximum volume of gas that Seller shall be required to sell and deliver to Buyer hereunder in any one day shall be increased by the volumes set out in the said notice but not exceeding 25,000 Mcf per day.

A notice to be given by the Buyer to the Seller under the terms of the above Paragraph shall be in writing and delivered to the Buyer Four (4) months prior to the date on which the Buyer requires delivery of it by the Seller





of the additional volumes of gas set out in the said notice. Notices as aforesaid may be given by the Buyer to the Seller at any time and from time to time provided that the total of the additional volumes of gas to be delivered to the Buyer shall not exceed 25,000 Mcf per day.

In the event that the Seller is unable for a period of Fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum day volumes specified in Section 1 of this Article V, when the Buyer is ready and able to accept the same, the Buyer shall have the right, in addition to any right which Buyer may have under the terms of this Agreement, to reduce the volume specified in Section 1 of this Article V in the proportion that the average daily deliveries during such Fifteen (15) day period bears to the maximum day volumes specified in Section 1 of this Article V: PROVIDED HOWEVER, upon the Seller remedying or partially remedying the deficiency within the following calendar year, the applicable maximum volume specified in Section 1 of this Article V shall be reinstated, or partially reinstated, as the case may be.

## ARTICLE VI

### PRICE

#### 1. Gas Price Schedule

Buyer agrees to pay to Seller for all Gas delivered hereunder, and for volumes of Gas which Buyer may become obligated to pay for if not taken, prior



to January 1, 1978, a price per Mcf equal to the sum of the following component parts:

- (a) A price per Mcf of the residue Gas from Buyer's Gas Scrubbing Plant located in the vicinity of Taylor, British Columbia, attributable to deliveries hereunder, as follows:

	<u>Per Mcf Cents</u>
For the period following the first delivery of Gas to January 1, 1963	10 ¢
For the year 1963	10-1/4¢
For the year 1964	10-1/4¢
For the year 1965	10-1/2¢
For the year 1966	10-1/2¢
For the year 1967	10-3/4¢
For the year 1968	11 ¢
For the year 1969	11-1/4¢
For the year 1970	11-1/2¢
For the year 1971	11-3/4¢
For the year 1972	12 ¢
For the year 1973	12 ¢
For the year 1974	12-1/4¢
For the year 1975	12-1/2¢
For the year 1976	12-1/2¢
For the year 1977	12-1/2¢

provided that, for each month after commencement of deliveries hereunder and before November 1, 1963, during which the maximum billing demand billed to its customers by Buyer is less than an average of 460,000 Mcf per day, the said price shall be reduced as follows:



	Adjustment Per Mcf Cents
Less than 460,000 but equal to or more than 425,000	1/2¢
Less than 425,000 but equal to or more than 400,000	3/4¢
Less than 400,000 but equal to or more than 375,000	1-3/4¢
Less than 375,000 but equal to or more than 350,000	2-3/4¢
Less than 350,000 but equal to or more than 325,000	3-1/4¢
Less than 325,000 but equal to or more than 300,000	3-3/4¢
Less than 300,000.....	4 ¢

- (b) A price per Mcf of Gas delivered to Buyer from Seller's wells based on (i) its pentanes plus content, (ii) its LPG content, (iii) its sulphur content, and (iv) its content of any other material extracted and sold from Buyer's said Taylor, British Columbia, plant as provided in Section 2 of this Article VI;

provided, that such price shall not be less than the price per Mcf set out in Section 1 (a) of this Article VI plus the value, in the field, of distillates that would be separated per Mcf in conventional wellhead separators. If at any time prior to November 1, 1963, Buyer's maximum billing demand billed to its customers by Buyer reaches an average of 460,000 Mcf per day in any month, Buyer shall notify Seller of such happening not later than sixty (60) days after the last day of the month in which such maximum billing demand is reached.

## 2. By-products Price Schedule

The portion of the price per Mcf based on by-products shall be the total of the component prices per Mcf for pentanes plus, LPG, sulphur and other





material extracted and sold, determined for each delivery point as follows:

- (a) The component price for pentanes plus per Mcf of Gas delivered obtained by multiplying the GPM of pentanes plus by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 2 and by the average price for pentanes plus being received by Buyer F.O.B. its Gas Processing Plant. The adjustment for actual monthly plant production hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of pentanes plus during the month and the denominator of which shall be the sum of the pentanes plus contained in the Gas delivered by all Sellers during the month.
- (b) The component price of LPG per Mcf of Gas delivered obtained by multiplying the GPM of LPG by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 2 and by the average price for LPG being received by Buyer, F.O.B. its Gas Processing Plant. The adjustment for actual monthly plant production as hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of LPG during the month and the denominator of which shall be the sum of the LPG contained in the Gas delivered by all sellers during the month.



- (c) The component price for sulfur per Mcf of Gas delivered obtained by multiplying the LPM of sulfur by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 2, and by the average price for sulfur being received by Buyer, F.O.B. its Gas Processing Plant. The adjustment for actual monthly plant production hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of sulfur during the month and the denominator of which shall be the sum of the sulfur contained in the Gas delivered by all sellers during the month.
- (d) The component price for other materials extracted and sold per Mcf of Gas delivered shall be determined in a manner comparable with the provisions of Subsections (a), (b) and (c) of this Section 2.
- (e) The applicable percentage to be employed in Subsections (a), (b), (c) and (d) of this Section 2 for the Gas delivered hereunder at each delivery point shall be as follows:

<u>GPM of Pentanes Plus in Gas</u>	<u>Applicable Percentage</u>
Less than 0.25	-0
Equal to 0.25 but less than 0.50	37%
Equal to 0.50 but less than 0.75	38%
Equal to 0.75 but less than 1.00	39%
Equal to or more than 1.00	40%

provided, however, notwithstanding anything hereinbefore set forth in this Article VI,





the Buyer specifically reserves the right to renegotiate an equitable charge for processing raw Gas delivered at any delivery point which has a GPM of pentanes plus less than 0.25, and failing agreement, to discontinue accepting raw Gas at such delivery point.

### 3. Price After 1977

Prior to the 1st day of January, 1977, Seller and Buyer shall endeavour to determine by mutual agreement the price or prices to be paid for Gas delivered by Seller to Buyer after December 31, 1977. In the event Seller and Buyer are unable to mutually agree upon such price or prices, then Buyer shall continue to pay to Seller for all Gas delivered hereunder after the expiration of the year 1977, the price or prices computed in the same manner as hereinbefore provided for the year 1977 plus one cent (1¢) per Mcf for each five-year period commencing after December 31, 1977, subject, however, to the right of Seller, at any time after the expiration of the year 1977, to terminate this contract upon six (6) months' notice in writing.

### 4. Currency:

Except for Gas payments based upon by-product content, which shall be payable in Canadian currency without adjustment for difference in exchange rates, the following shall apply to payments to be made hereunder by Buyer to Seller:

- (a) During such monthly period or periods as the monthly average of the



daily selling rate of Canadian currency in United States currency as published at Twelve o'clock (12:00) noon Eastern Standard Time or Eastern Daylight Time, as the case may be, by The Bank of Montreal, the Royal Bank of Canada, and The Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five United States Cents (105¢) or not less than Ninety-five United States Cents (95¢) for One Canadian Dollar (\$1.00), then the total quantity of Gas delivered by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.

(b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for the United States currency is:-

- (i) In excess of One Hundred and Five United States Cents (105¢) and is not more than One Hundred and Ten United States Cents (110¢) for One Canadian Dollar (\$1.00); or
- (ii) Less than Ninety-five United States Cents (95¢) but not less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00);

then the total quantity of Gas delivered by Seller to Buyer in each such month, subject to the provisions of Subsection (e) of this Section 4



shall be considered sold and purchased at the price in Canadian currency calculated as follows:-

LET:  $P_c$  = price payable in Canadian currency during the month;

$C$  = the volume of Gas sold by Buyer out of the pipeline during such month to purchasers for use in Canada;

$US$  = the volume of Gas sold by Buyer out of the pipeline during such month to purchasers for use in the United States;

$P$  = price in the contract;

$E$  = the average daily selling rate for Canadian currency in the United States currency during such month determined in accordance with the provisions of paragraph (a) above;

THEN: In the case of (i):

$$P_c = \frac{(C \times P)}{(C + US)} \quad \times \quad \left( \frac{US \times P \times 105}{(C + US) E} \right)$$

In the case of (ii):

$$P_c = \frac{(C \times P)}{(C + US)} \quad \times \quad \left( \frac{US \times P \times 95}{(C + US) E} \right)$$

- (c) In the event that such average selling rate for Canadian currency in the United States currency exceeds One Hundred and Ten United States Cents (110¢) or is less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00) for nonconsecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for Gas delivered hereunder during such periods of time





shall be adjusted in accordance with the formula set forth in Subsection (b) of this Section 4.

- (d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten United States Cents (110¢) or is less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00) for at least (3) consecutive monthly periods, then the price payable by Buyer to Seller as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail shall be renegotiated between Buyer and Seller, provided, however, that pending completion of such renegotiation, the price payable by Buyer to Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive to the monthly periods during which the daily average selling rate for Canadian currency exceeded One Hundred and Ten United States Cents (110¢) or was less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00), and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price within six (6) months then Seller may, upon three (3) months' written notice to Buyer, terminate this contract.



- (e) In no event shall the value of "Pc" as calculated under the provisions of Subsections (b), (c), and (d) (for the period pending negotiation as provided therein) of this Section 4 exceed or be less than the value of "P", as the case may be, by more than One Cent (1¢) per Mcf of Gas delivered hereunder.

5. Adjustment Upon Alteration of Buyer's Resale Price:

If Buyer shall voluntarily grant, either directly or indirectly, a reduction in the price at which Pacific Northwest has contracted to purchase additional volumes of Gas for delivery near Sumas, Washington, such reduction shall operate to automatically increase the price to be paid hereunder as above provided by an equal amount per Mcf, effective at the same time as the reduction to Pacific Northwest becomes effective. In the event Pacific Northwest shall grant Buyer any increase in said resale price, Buyer will at the request of Seller, having regard to the circumstances under which Buyer obtains any such increase, pass on to Seller hereunder an increase equal to 50% of the amount of such increase per Mcf, to be effective at the same time as the increase granted to Buyer.

6. Price Accuracy:

All calculations with respect to the price of Gas shall be carried to the nearest one-hundredth of a cent.





ARTICLE VII

ROYALTIES AND TAXES

1. Royalties

Seller shall be responsible for and shall pay all royalties, levies, assessments, or charges of a like nature payable to any Dominion, Provincial, Municipal or other authority of any other person on or in respect of the Gas delivered hereunder and the by-products manufactured and sold therefrom.

2. Taxes

Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon or in respect of the Gas delivered hereunder up to the point of delivery of the Gas to Buyer. All increases in such present gross production taxes, severance taxes and excise taxes upon or in respect of the total volume of gas delivered hereunder or the production, gathering, transportation or handling thereof up to the point of delivery of the Gas to Buyer and all increases in any tax on the pipelines in Seller's gathering system required to be paid by Seller, shall be borne three-quarters ( $3/4$ ) by the Buyer and one-quarter ( $1/4$ ) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.



ARTICLE VIII

DELIVERY POINTS AND PRESSURE

1. Delivery Points

- (a) The point of delivery for all gas delivered hereunder from fields south of the Peace River shall be at the outlet of the meter stations to be installed and operated by the Seller, as follows:-
- (i) At a central point in the Sunrise Field for all gas to be produced from the Sunrise Field.
  - (ii) At a central point in the Kiskatinaw Field for all gas to be produced from the Kiskatinaw Field.
  - (iii) At a central point in the Pouce Coupe, British Columbia Field, for all gas to be produced from the Pouce Coupe, British Columbia Field.
  - (iv) At such other points as shall be mutually agreed upon from time to time.
- (b) The point of delivery for all Gas delivered hereunder from fields north of the Peace River shall be at the outlet of the meter stations to be installed and operated by the Seller, as follows:-
- (i) On the east side of the Fort St. John Field in the vicinity of Pacific Fort St. John No. 4 well, for all gas produced from the Fort St. John Field.
  - (ii) On the west side of the southeast Fort St. John Field in the vicinity of Pacific Fort St. John Nos. 12 and 20 Wells, for all gas produced from the southeast Fort St. John Field.
  - (iii) On the south side of the West Buick Creek Field near the intersection of the Beaton River Road as now constructed and 56° 45' North Latitude, for all gas produced from the West Buick Creek Field.



- (iv) On the east side of the Red Creek Field (including North Red Creek Field) in the vicinity of Pacific Red Creek No. 36 Well, for all gas produced from the Red Creek Field.
- (v) On the west side of the Montney Field in the vicinity of Pacific Montney Wells Nos. 2 and 3, for all gas produced from the Montney Field.
- (vi) At such other points as may be mutually agreed upon from time to time.

## 2. Delivery Pressure

- (a) All Gas sold and purchased hereunder from fields south of the Peace River shall be delivered at the delivery point in each of the said fields from which deliveries are taken at a pressure not exceeding Nine Hundred and Seventy-five (975) pounds per square inch gauge and not less than Five Hundred (500) pounds per square inch gauge for the first four (4) years of deliveries hereunder. Thereafter the Buyer will accept deliveries of gas at less than Five Hundred (500) pounds per square inch gauge but not less than One Hundred (100) pounds per square inch gauge, PROVIDED, HOWEVER, that in respect to gas delivered at less than Two Hundred and Fifty (250) pounds per square inch gauge the Buyer shall deduct by way of allowance for compression costs the sum of Three-quarter Cents (3/4¢) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, PROVIDED, HOWEVER, that in the event that gas from any field can be made available for delivery at pressures less than One Hundred (100) pounds per square inch





gauge, the Seller and the Buyer will consult together for the purpose of determining the terms and conditions upon which the Buyer will accept delivery of such gas taking into consideration the cost of compression to make such gas available to the pipeline.

- (b) All Gas sold and purchased hereunder from fields north of the Peace River shall be delivered along with all associated components in the full dehydrated well stream to the Buyer at each of the said delivery points to Buyer's pipeline system at pressures not in excess of One Thousand (1,000) pounds per square inch gauge, nor less than Eight Hundred (800) pounds per square inch gauge for the first four (4) years of deliveries hereunder, or Five Hundred (500) pounds per square inch gauge for the second four (4) years of deliveries hereunder. Thereafter the Buyer will accept deliveries of the full dehydrated well stream at the said intake points at less than Five Hundred (500) pounds per square inch gauge but not less than One Hundred (100) pounds per square inch gauge, PROVIDED FURTHER, HOWEVER, that in respect to the full dehydrated well streams delivered at less than Two Hundred and Fifty (250) pounds per square inch gauge the Buyer shall deduct by way of allowance for compression costs the sum of Three-quarter Cents (3/4¢) per Mcf from the price payable by the Buyer to the



Seller under the terms of Article VI hereof, PROVIDED FURTHER,  
HOWEVER, that in the event that the full dehydrated well stream  
from any field can be made available for delivery at pressures less  
than One Hundred (100) pounds per square inch gauge, the Seller  
and the Buyer will consult together for the purpose of determining  
the terms and conditions upon which the Buyer will accept delivery  
of such full dehydrated well stream taking into consideration the  
cost of compression to make such full dehydrated well stream avail-  
able to the pipeline.

## ARTICLE IX

### QUALITY

#### 1. Specifications for Gas from Fields South of Peace River

The Gas delivered hereunder from gas fields south of the Peace River  
shall be natural gas and shall conform to the specification set forth in subsections  
(a) to (f) inclusive of this Section 1.

##### (a) Odors and Solids

The Gas shall be commercially free from objectionable odors,  
solid matter, dust, gums and gum-forming constituents which  
might interfere with its merchantability or cause injury to or  
interference with proper operation of the lines, regulators,  
meters or other appliances through which it flows.





(b) Oxygen

The Gas shall not at any time have an oxygen content in excess of One Per Cent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

(c) Liquids

The Gas shall be free of water and hydrocarbons in liquid form.

The Gas shall not contain water vapour in excess of Three (3) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate gas to a dewpoint less than Zero Degrees Fahrenheit (0° F.). The gas shall not contain liquefiable hydrocarbon content (Pentanes and heavier) in excess of Two Hundred (200) United States gallons per million cubic feet, PROVIDED, HOWEVER, that the Buyer may at Buyer's sole discretion accept gas containing greater liquefiable hydrocarbon content for such period or periods as Buyer may prescribe from time to time.

(d) Hydrogen Sulfide

The Gas shall not contain more than One-quarter (1/4) grain of hydrogen sulfide per One Hundred (100) cubic feet, PROVIDED, HOWEVER, that the Buyer may at Buyer's sole discretion accept gas containing greater hydrogen sulfide content for such period or



periods as Buyer may prescribe from time to time.

(e) Total Sulfur

The Gas shall not contain more than Twenty (20) grains of total sulfur (hydrogen sulfide and mercaptan sulfur) per One Hundred (100) cubic feet.

(f) Heating Value

The Gas shall have a total heating value per cubic foot of not less than Nine Hundred and Fifty (950) nor more than Eleven Hundred and Twenty-five (1,125) British Thermal Units, PROVIDED, HOWEVER, that the Buyer may, at the Buyer's sole discretion, accept gas with a higher or lower heating value for such period or periods as the Buyer may prescribe from time to time.

2. Specifications for Gas from Fields North of Peace River

The Gas delivered hereunder from gas fields north of the Peace River shall be natural gas and shall conform to the specifications set forth in subsections (a) to (c) inclusive of this Section 2.

(a) Oxygen

The Gas shall not at any time have an oxygen content in excess of One Per Cent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

(b) Liquids

The Gas shall be free of water in liquid form. The Gas shall not contain water vapour in excess of Four (4) pounds per million



cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate the gas to a dewpoint less than Ten Degrees Fahrenheit (10°F.), PROVIDED HOWEVER, that the Buyer may at Buyer's sole discretion accept gas containing greater water vapour content for such period or periods as Buyer may prescribe from time to time.

(c) Heating Value

The Gas shall have a total heating value per cubic foot of not less than Nine Hundred and Fifty (950) nor more than Eleven Hundred and Twenty-five (1,125) British Thermal Units, PROVIDED, HOWEVER, that the Buyer may, at the Buyer's sole discretion, accept gas with a higher or lower heating value for such period or periods as the Buyer may prescribe from time to time.

ARTICLE X

MEASUREMENT

1. Unit of Volume

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be One (1) cubic foot at an absolute pressure of Fifteen and Twenty-five Thousandths (15.025) pounds per square inch at a temperature of Sixty Degrees





Fahrenheit ( $60^{\circ}$  F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

## 2. Determination of Volume

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted Report.

## 3. Deviation from Boyle's Law

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of Six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of gas delivered hereunder during the Six (6) calendar months next following the taking of the sample from which such determination is made.



4. Specific Gravity

The specific gravity of the gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A at the beginning of delivery and thereafter as frequently as is found expedient in practice at the respective points where the gas is metered hereunder, and the results of the determination at each such point shall be used in computing the volumes of gas metered at such point.

5. Flowing Temperature

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2. and the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.

6. Assumed Atmospheric Pressure

The average absolute atmospheric pressure shall be assumed to be Thirteen and Four Tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value

The heating value of the gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.



ARTICLE XI  
MEASURING EQUIPMENT

1. Seller's Measuring Station

Seller shall install, maintain and operate at its own expense equipment required for the measurement of the volumes and temperatures and shall provide for the determination of heating values of all gas delivered hereunder at the Delivery Points.

2. Buyer's Residue Gas Measuring Station

Buyer shall install, maintain and operate at its own expense, equipment required for the measurement of the volumes and temperatures of all residue gas produced from Buyer's Gas Scrubbing Plant located in the vicinity of Taylor, British Columbia. Seller shall have access to the measuring equipment of the Buyer at all reasonable hours, but the calibrating and adjusting of the measuring equipment, and the changing of charts, shall be done only by the Buyer.

3. Check Measuring Equipment

Buyer or Seller, as the case may be, may install, maintain, and operate at its own expense check measuring equipment as desired, providing that such equipment shall be so installed as to not interfere with the operation of the other's measuring equipment.





4. Right to be Present

The Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating, or adjusting, done in connection with the measuring equipment used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.

5. Calibration and Test of Meters

The accuracy of the measuring equipment shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering correctly, the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than Two Percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding Two Percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since



the date of the last test, but not exceeding a period of Fifteen (15) days.

6. Correction of Metering Errors

In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by reading thereof, the gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available using the first of the following methods which is feasible:

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

7. Preservation of Records

Both Buyer and Seller shall cause to be preserved for a period of at least One (1) year all test data, charts, and other records of gas measurements. Either party desiring to preserve any records for a longer period may require the other party to deliver over to it such records which shall then be retained at the expense of such party desiring the same.



ARTICLE XII

STATEMENTS AND PAYMENTS

1. Production Statement

Seller or its nominee shall render to Buyer on or before the Tenth (10th) day of each calendar month a statement of all gas delivered to Buyer hereunder from each Delivery Point during the preceding calendar month.

2. Accounting By Buyer

Buyer shall, on or before the Twentieth (20) day of each calendar month, furnish Seller with a statement showing the monies due Seller for Gas pursuant to Article VI hereof. The statement shall include an allocation to each Delivery Point north of the Peace River of Residue Gas, Pentanes Plus, LPG and Sulfur, and the payment payable therefor pursuant to Section 2 of Article VI hereof according to the procedure set forth in Sections 3 to 4 inclusive of this Article XII.

3. Analyses

Seller shall, in the presence of the Buyer, from time to time and as frequently as is found expedient in practice, but not more often than once a year, conduct such tests and measurements and determine and agree with the Buyer upon the average analysis of the Gas delivered at each Delivery Point.





The tests and measurements shall be carried out in a manner mutually acceptable to Seller and Buyer; the analyses shall be made by Buyer by the low temperature fractional distillation method, or some other improved method acceptable to both Seller and Buyer, and such measurements, tests and analyses shall determine the gas volume percentage composition of the Gas from which the following factors shall be computed:-

- (a) The GPM of LPG
- (b) The GPM of Pentanes Plus
- (c) The LPM of Sulfur

#### 4. Allocation of Residue Gas

The allocation of Residue Gas from Seller's Gas Processing Plant shall be made to each Delivery Point in the proportion that the Gas delivered during such month from each Delivery Point bears to the total Gas delivered in such month.

#### 5. Payment

Full payment for all gas delivered to the Buyer hereunder during a calendar month shall be made by Buyer to Seller on or before the Twenty-fifth (25th) day of the following month. All payments accruing to the Seller hereunder shall be made to Pacific Petroleum Ltd. The Seller, may, from time to time, designate another person, firm or corporation to accept payments hereunder, such designation to be made in writing, and



from and after receipt by the Buyer of such new designation the Buyer shall thereafter make such payments to such person, firm or corporation.

### ARTICLE XIII

#### ESTIMATES OF REQUIREMENTS

1. In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimates of requirements of gas during each of the following Six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

### ARTICLE XIV

#### POSSESSION OF GAS

##### 1. Point of Delivery Controls

As between the parties to this Agreement, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

##### 2. Responsibility

Buyer shall have no responsibility with respect to any gas deliverable under this Agreement until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such



delivery, and Seller shall have no responsibility with respect to such gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery.

#### ARTICLE XV

#### WARRANTY AND TITLE OF GAS

1. The Seller warrants generally the title to all gas delivered to the Buyer hereunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.

#### ARTICLE XVI

#### FORCE MAJEURE

1. No failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary failure of gas supply because of freezing of wells or delivery facilities or hydrate obstructions of lines of pipe, inability to obtain pipe, materials or equipment, the binding order of any Court or Governmental authority,





or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; PROVIDED that no cause or contingency shall relieve Buyer of its obligation to make payments due hereunder.

## ARTICLE XVII

### MISCELLANEOUS

#### 1. Non-Waiver of Future Default

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.

#### 2. Notices

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:-

SELLER: Pacific Petroleum Ltd.,  
Pacific Building,  
Calgary, Alberta;

BUYER: WESTCOAST TRANSMISSION COMPANY LIMITED,  
Petroleum Building,  
Calgary, Alberta;

or at such other address as either party shall designate by formal written notice.



Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

3. Examination of Records

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. Compliance with Laws

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment

Neither party hereto shall assign this Agreement or any of its rights or obligations hereunder without the consent in writing of the other party; PROVIDED that Seller may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all of its interest in the Leases in the lands comprised in Schedule "A" hereto, and Buyer may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system of Buyer. The provisions of this Section 5 shall not be construed to



prohibit either party, without the consent of the other party, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

6. Modification

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. Provincial Laws

This Agreement shall be construed in accordance with the laws of the Province of British Columbia.

8. Furnishing of Information

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify.

ARTICLE XVIII

ARBITRATION

1. If any dispute arises between the parties to the contract relating to matters in connection with the interpretation or construction of the provisions





hereof, such dispute shall be settled by arbitration in the following manner,  
that is to say:-

Within Twenty (20) days after the written request of either party hereto for arbitration, the parties hereto shall agree upon and appoint one arbitrator. In case the parties shall fail to name an arbitrator within Twenty (20) days after the written request of any party for arbitration, application for the appointment of an arbitrator shall be made within Ten (10) days after the expiration of such Twenty (20) day period to any Judge of the Supreme Court of British Columbia. The arbitrator so selected shall have all the powers given by The Arbitration Act, being Chapter XVI, Revised Statutes of British Columbia, 1948, or any Act in amendment or in substitution therefor. The decision of the sole arbitrator selected as above shall be final and binding on the parties hereto.

#### ARTICLE XIX

#### FAVOURED NATIONS

1. In the event the Buyer or Westcoast Transmission Company Limited shall enter into any contracts for the purchase of gas with any producer or producers of gas, and actually take delivery of and pay for gas within the Peace River Area of the Province of British Columbia during the period of this contract upon terms more favourable to such producer or producers than the terms hereof, Seller shall have the right upon notice in writing to the Buyer to have this contract modified



so as to make applicable to the sale and purchase of gas hereunder such more favourable terms as are contained in the said contracts with said producer or producers. The Buyer shall forthwith upon completion of any contracts with any producer or producers of gas as aforesaid, serve upon the Seller a true copy of each such contract.

IN WITNESS WHEREOF the parties hereto have hereunto caused their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.

SIGNED, SEALED AND DELIVERED: ) PACIFIC PETROLEUMS LTD.,  
)  
)  
) "GEO. L. McMAHON"  
) \_\_\_\_\_ (SEAL)  
)  
) "L. M. YOUELL"  
) \_\_\_\_\_  
)  
) WESTCOAST TRANSMISSION COMPANY LIMITED,  
)  
)  
) "D. P. McDONALD"  
) \_\_\_\_\_  
) \_\_\_\_\_ (SEAL)  
) "A. P. BOWSER"  
) \_\_\_\_\_



Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleum Ltd. as Seller of the First Part, and Westcoast Transmission Company Limited as Buyer of the Second Part, dated the 1st day of February, A. D. 1955.

Buick Creek Area (British Columbia).

That part as shown on the attached plat of Permit 101, said Permit being described as situate in the Peace River Land District, commencing at the northwest corner of Permit No. 52, thence west  $1 \frac{1}{4}$  miles; thence south  $\frac{3}{4}$  miles; thence west  $5 \frac{3}{4}$  miles more or less to a point due north of the northeast corner of Permit No. 64; thence south  $13 \frac{1}{4}$  miles to the southwest corner of Section 33, Township 88, Range 22, West of the 6th Meridian; thence east 7 miles to the southeast corner Section 33, Township 88, Range 21, West of the 6th Meridian; thence north 14 miles to the point of commencement.





Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleum Ltd. as Seller of the First Part, and Westcoast Transmission Company Limited as Buyer of the Second Part, dated the 1st day of February, A. D. 1955.

Fort St. John Area (British Columbia).

All of Section 31, Township 82, Range 17, West of the 6th Meridian.  
All of Section 32, Township 82, Range 17, West of the 6th Meridian.  
All of Section 33, Township 82, Range 17, West of the 6th Meridian.  
All of Section 34, Township 82, Range 17, West of the 6th Meridian.  
All of Section 35, Township 82, Range 17, West of the 6th Meridian.  
All of Section 36, Township 82, Range 18, West of the 6th Meridian.  
All of Section 1, Township 83, Range 17, West of the 6th Meridian.  
All of Section 2, Township 83, Range 17, West of the 6th Meridian.  
All of Section 3, Township 83, Range 17, West of the 6th Meridian.  
All of Section 4, Township 83, Range 17, West of the 6th Meridian.  
All of Section 5, Township 83, Range 17, West of the 6th Meridian.  
All of Section 6, Township 83, Range 17, West of the 6th Meridian.  
All of Section 7, Township 83, Range 17, West of the 6th Meridian.  
All of Section 8, Township 83, Range 17, West of the 6th Meridian.  
All of Section 9, Township 83, Range 17, West of the 6th Meridian.  
All of Section 10, Township 83, Range 17, West of the 6th Meridian.  
All of Section 11, Township 83, Range 17, West of the 6th Meridian.  
All of Section 12, Township 83, Range 17, West of the 6th Meridian.  
All of Section 13, Township 83, Range 17, West of the 6th Meridian.  
All of Section 14, Township 83, Range 17, West of the 6th Meridian.  
All of Section 15, Township 83, Range 17, West of the 6th Meridian.  
All of Section 16, Township 83, Range 17, West of the 6th Meridian.  
All of Section 17, Township 83, Range 17, West of the 6th Meridian.  
All of Section 18, Township 83, Range 17, West of the 6th Meridian.  
All of Section 19, Township 83, Range 17, West of the 6th Meridian.  
All of Section 20, Township 83, Range 17, West of the 6th Meridian.  
All of Section 21, Township 83, Range 17, West of the 6th Meridian.  
All of Section 22, Township 83, Range 17, West of the 6th Meridian.  
All of Section 23, Township 83, Range 17, West of the 6th Meridian.  
All of Section 24, Township 83, Range 17, West of the 6th Meridian.  
All of Section 25, Township 83, Range 17, West of the 6th Meridian.  
All of Section 26, Township 83, Range 17, West of the 6th Meridian.  
All of Section 27, Township 83, Range 17, West of the 6th Meridian.  
All of Section 28, Township 83, Range 17, West of the 6th Meridian.  
All of Section 29, Township 83, Range 17, West of the 6th Meridian.  
All of Section 30, Township 83, Range 17, West of the 6th Meridian.  
All of Section 31, Township 83, Range 17, West of the 6th Meridian.  
All of Section 32, Township 83, Range 17, West of the 6th Meridian.



[illegible]





[illegible]





Fort St. John Area

All of Section 7, Township 84, Range 19, West of the 6th Meridian.  
All of Section 8, Township 84, Range 19, West of the 6th Meridian.  
All of Section 9, Township 84, Range 19, West of the 6th Meridian.  
All of Section 10, Township 84, Range 19, West of the 6th Meridian.  
All of Section 11, Township 84, Range 19, West of the 6th Meridian.  
All of Section 12, Township 84, Range 19, West of the 6th Meridian.  
All of Section 13, Township 84, Range 19, West of the 6th Meridian.  
All of Section 14, Township 84, Range 19, West of the 6th Meridian.  
All of Section 15, Township 84, Range 19, West of the 6th Meridian.  
All of Section 16, Township 84, Range 19, West of the 6th Meridian.  
All of Section 17, Township 84, Range 19, West of the 6th Meridian.  
All of Section 18, Township 84, Range 19, West of the 6th Meridian.  
All of Section 19, Township 84, Range 19, West of the 6th Meridian.  
All of Section 20, Township 84, Range 19, West of the 6th Meridian.  
All of Section 21, Township 84, Range 19, West of the 6th Meridian.  
All of Section 22, Township 84, Range 19, West of the 6th Meridian.  
All of Section 23, Township 84, Range 19, West of the 6th Meridian.  
All of Section 24, Township 84, Range 19, West of the 6th Meridian.  
All of Section 1, Township 84, Range 20, West of the 6th Meridian.  
All of Section 2, Township 84, Range 20, West of the 6th Meridian.  
All of Section 3, Township 84, Range 20, West of the 6th Meridian.  
All of Section 10, Township 84, Range 20, West of the 6th Meridian.  
All of Section 11, Township 84, Range 20, West of the 6th Meridian.  
All of Section 12, Township 84, Range 20, West of the 6th Meridian.  
All of Section 13, Township 84, Range 20, West of the 6th Meridian.  
All of Section 14, Township 84, Range 20, West of the 6th Meridian.  
All of Section 15, Township 84, Range 20, West of the 6th Meridian.  
All of Section 22, Township 84, Range 20, West of the 6th Meridian.  
All of Section 23, Township 84, Range 20, West of the 6th Meridian.  
All of Section 24, Township 84, Range 20, West of the 6th Meridian.



Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleum Ltd. as Seller of the First Part, and Westcoast Transmission Company Limited as Buyer of the Second Part, dated the 1st day of February, A. D. 1955.

Kiskatinaw Area (British Columbia).

All of Section 1, Township 81, Range 17, West of the 6th Meridian.  
All of Section 2, Township 81, Range 17, West of the 6th Meridian.  
All of Section 3, Township 81, Range 17, West of the 6th Meridian.  
All of Section 4, Township 81, Range 17, West of the 6th Meridian.  
All of Section 5, Township 81, Range 17, West of the 6th Meridian.  
All of Section 6, Township 81, Range 17, West of the 6th Meridian.  
All of Section 7, Township 81, Range 17, West of the 6th Meridian.  
All of Section 8, Township 81, Range 17, West of the 6th Meridian.  
All of Section 9, Township 81, Range 17, West of the 6th Meridian.  
All of Section 10, Township 81, Range 17, West of the 6th Meridian.  
All of Section 11, Township 81, Range 17, West of the 6th Meridian.  
All of Section 12, Township 81, Range 17, West of the 6th Meridian.  
All of Section 13, Township 81, Range 17, West of the 6th Meridian.  
All of Section 14, Township 81, Range 17, West of the 6th Meridian.  
All of Section 15, Township 81, Range 17, West of the 6th Meridian.  
All of Section 16, Township 81, Range 17, West of the 6th Meridian.  
All of Section 17, Township 81, Range 17, West of the 6th Meridian.  
All of Section 18, Township 81, Range 17, West of the 6th Meridian.  
All of Section 19, Township 81, Range 17, West of the 6th Meridian.  
All of Section 20, Township 81, Range 17, West of the 6th Meridian.  
All of Section 21, Township 81, Range 17, West of the 6th Meridian.  
All of Section 22, Township 81, Range 17, West of the 6th Meridian.  
All of Section 23, Township 81, Range 17, West of the 6th Meridian.  
All of Section 24, Township 81, Range 17, West of the 6th Meridian.  
All of Section 25, Township 81, Range 17, West of the 6th Meridian.  
All of Section 26, Township 81, Range 17, West of the 6th Meridian.  
All of Section 27, Township 81, Range 17, West of the 6th Meridian.  
All of Section 28, Township 81, Range 17, West of the 6th Meridian.  
All of Section 29, Township 81, Range 17, West of the 6th Meridian.  
All of Section 30, Township 81, Range 17, West of the 6th Meridian.  
All of Section 31, Township 81, Range 17, West of the 6th Meridian.  
All of Section 32, Township 81, Range 17, West of the 6th Meridian.  
All of Section 33, Township 81, Range 17, West of the 6th Meridian.  
All of Section 34, Township 81, Range 17, West of the 6th Meridian.  
All of Section 35, Township 81, Range 17, West of the 6th Meridian.  
All of Section 36, Township 81, Range 17, West of the 6th Meridian.  
All of Section 1, Township 81, Range 18, West of the 6th Meridian.  
All of Section 2, Township 81, Range 18, West of the 6th Meridian.  
All of Section 3, Township 81, Range 18, West of the 6th Meridian.



All of Section 4, Township 81, Range 18, West of the 6th Meridian.  
All of Section 5, Township 81, Range 18, West of the 6th Meridian.  
All of Section 6, Township 81, Range 18, West of the 6th Meridian.  
All of Section 7, Township 81, Range 18, West of the 6th Meridian.  
All of Section 8, Township 81, Range 18, West of the 6th Meridian.  
All of Section 9, Township 81, Range 18, West of the 6th Meridian.  
All of Section 10, Township 81, Range 18, West of the 6th Meridian.  
All of Section 11, Township 81, Range 18, West of the 6th Meridian.  
All of Section 12, Township 81, Range 18, West of the 6th Meridian.  
All of Section 13, Township 81, Range 18, West of the 6th Meridian.  
All of Section 14, Township 81, Range 18, West of the 6th Meridian.  
All of Section 15, Township 81, Range 18, West of the 6th Meridian.  
All of Section 16, Township 81, Range 18, West of the 6th Meridian.  
All of Section 17, Township 81, Range 18, West of the 6th Meridian.  
All of Section 18, Township 81, Range 18, West of the 6th Meridian.  
All of Section 19, Township 81, Range 18, West of the 6th Meridian.  
All of Section 20, Township 81, Range 18, West of the 6th Meridian.  
All of Section 21, Township 81, Range 18, West of the 6th Meridian.  
All of Section 22, Township 81, Range 18, West of the 6th Meridian.  
All of Section 23, Township 81, Range 18, West of the 6th Meridian.  
All of Section 24, Township 81, Range 18, West of the 6th Meridian.  
All of Section 25, Township 81, Range 18, West of the 6th Meridian.  
All of Section 26, Township 81, Range 18, West of the 6th Meridian.  
All of Section 27, Township 81, Range 18, West of the 6th Meridian.  
All of Section 28, Township 81, Range 18, West of the 6th Meridian.  
All of Section 29, Township 81, Range 18, West of the 6th Meridian.  
All of Section 30, Township 81, Range 18, West of the 6th Meridian.  
All of Section 31, Township 81, Range 18, West of the 6th Meridian.  
All of Section 32, Township 81, Range 18, West of the 6th Meridian.  
All of Section 33, Township 81, Range 18, West of the 6th Meridian.  
All of Section 34, Township 81, Range 18, West of the 6th Meridian.  
All of Section 35, Township 81, Range 18, West of the 6th Meridian.  
All of Section 36, Township 81, Range 18, West of the 6th Meridian.





Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleums Ltd. as Seller of the First Part, and Westcoast Transmission Company Limited as Buyer of the Second Part, dated the 1st day of February, A. D. 1955.

Pouce Coupe Area (British Columbia).

All of Section 6, Township 80, Range 13, West of the 6th Meridian.  
All of Section 7, Township 80, Range 13, West of the 6th Meridian.  
All of Section 18, Township 80, Range 13, West of the 6th Meridian.  
All of Section 19, Township 80, Range 13, West of the 6th Meridian.  
All of Section 30, Township 80, Range 13, West of the 6th Meridian.  
All of Section 31, Township 80, Range 13, West of the 6th Meridian.  
Those portions of Sections 5, 8, 17, 20, 29 and 32 lying to the west of the Alberta-British Columbia Boundary of Township 80, Range 13, West of the 6th Meridian.  
All of Section 1, Township 80, Range 14, West of the 6th Meridian.  
All of Section 2, Township 80, Range 14, West of the 6th Meridian.  
All of Section 9, Township 80, Range 14, West of the 6th Meridian.  
All of Section 10, Township 80, Range 14, West of the 6th Meridian.  
All of Section 11, Township 80, Range 14, West of the 6th Meridian.  
All of Section 12, Township 80, Range 14, West of the 6th Meridian.  
All of Section 13, Township 80, Range 14, West of the 6th Meridian.  
All of Section 14, Township 80, Range 14, West of the 6th Meridian.  
All of Section 15, Township 80, Range 14, West of the 6th Meridian.  
All of Section 16, Township 80, Range 14, West of the 6th Meridian.  
All of Section 21, Township 80, Range 14, West of the 6th Meridian.  
All of Section 22, Township 80, Range 14, West of the 6th Meridian.  
All of Section 23, Township 80, Range 14, West of the 6th Meridian.  
All of Section 24, Township 80, Range 14, West of the 6th Meridian.  
All of Section 25, Township 80, Range 14, West of the 6th Meridian.  
All of Section 26, Township 80, Range 14, West of the 6th Meridian.  
All of Section 27, Township 80, Range 14, West of the 6th Meridian.  
All of Section 35, Township 80, Range 14, West of the 6th Meridian.  
All of Section 36, Township 80, Range 14, West of the 6th Meridian.



Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleums Ltd. as Seller of the First Part, and Westcoast Transmission Company Limited as Buyer of the Second Part, dated the 1st day of February, A. D. 1955.

Red Creek Area (British Columbia).

All of Section 5, Township 85, Range 20, West of the 6th Meridian.  
All of Section 6, Township 85, Range 20, West of the 6th Meridian.  
All of Section 7, Township 85, Range 20, West of the 6th Meridian.  
All of Section 8, Township 85, Range 20, West of the 6th Meridian.  
All of Section 17, Township 85, Range 20, West of the 6th Meridian.  
All of Section 18, Township 85, Range 20, West of the 6th Meridian.  
All of Section 19, Township 85, Range 20, West of the 6th Meridian.  
All of Section 1, Township 85, Range 21, West of the 6th Meridian.  
All of Section 2, Township 85, Range 21, West of the 6th Meridian.  
All of Section 3, Township 85, Range 21, West of the 6th Meridian.  
All of Section 4, Township 85, Range 21, West of the 6th Meridian.  
All of Section 8, Township 85, Range 21, West of the 6th Meridian.  
All of Section 9, Township 85, Range 21, West of the 6th Meridian.  
All of Section 10, Township 85, Range 21, West of the 6th Meridian.  
All of Section 11, Township 85, Range 21, West of the 6th Meridian.  
All of Section 12, Township 85, Range 21, West of the 6th Meridian.  
All of Section 13, Township 85, Range 21, West of the 6th Meridian.  
All of Section 14, Township 85, Range 21, West of the 6th Meridian.  
All of Section 15, Township 85, Range 21, West of the 6th Meridian.  
All of Section 16, Township 85, Range 21, West of the 6th Meridian.  
All of Section 17, Township 85, Range 21, West of the 6th Meridian.  
All of Section 18, Township 85, Range 21, West of the 6th Meridian.  
All of Section 19, Township 85, Range 21, West of the 6th Meridian.  
All of Section 20, Township 85, Range 21, West of the 6th Meridian.  
All of Section 21, Township 85, Range 21, West of the 6th Meridian.  
All of Section 22, Township 85, Range 21, West of the 6th Meridian.  
All of Section 23, Township 85, Range 21, West of the 6th Meridian.  
All of Section 24, Township 85, Range 21, West of the 6th Meridian.  
All of Section 25, Township 85, Range 21, West of the 6th Meridian.  
All of Section 26, Township 85, Range 21, West of the 6th Meridian.  
All of Section 27, Township 85, Range 21, West of the 6th Meridian.  
All of Section 28, Township 85, Range 21, West of the 6th Meridian.  
All of Section 29, Township 85, Range 21, West of the 6th Meridian.  
All of Section 30, Township 85, Range 21, West of the 6th Meridian.  
All of Section 31, Township 85, Range 21, West of the 6th Meridian.  
All of Section 32, Township 85, Range 21, West of the 6th Meridian.  
All of Section 33, Township 85, Range 21, West of the 6th Meridian.  
All of Section 34, Township 85, Range 21, West of the 6th Meridian.  
All of Section 35, Township 85, Range 21, West of the 6th Meridian.



All of Section 24, Township 85, Range 22, West of the 6th Meridian.  
All of Section 25, Township 85, Range 22, West of the 6th Meridian.  
All of Section 26, Township 85, Range 22, West of the 6th Meridian.  
All of Section 35, Township 85, Range 22, West of the 6th Meridian.  
All of Section 36, Township 85, Range 22, West of the 6th Meridian.  
All of Section 3, Township 86, Range 21, West of the 6th Meridian.  
All of Section 4, Township 86, Range 21, West of the 6th Meridian.  
All of Section 5, Township 86, Range 21, West of the 6th Meridian.  
All of Section 6, Township 86, Range 21, West of the 6th Meridian.  
All of Section 7, Township 86, Range 21, West of the 6th Meridian.  
All of Section 8, Township 86, Range 21, West of the 6th Meridian.  
All of Section 9, Township 86, Range 21, West of the 6th Meridian.  
All of Section 1, Township 86, Range 22, West of the 6th Meridian.  
All of Section 2, Township 86, Range 22, West of the 6th Meridian.  
All of Section 3, Township 86, Range 22, West of the 6th Meridian.  
All of Section 10, Township 86, Range 22, West of the 6th Meridian.  
All of Section 11, Township 86, Range 22, West of the 6th Meridian.  
All of Section 12, Township 86, Range 22, West of the 6th Meridian.  
All of Section 13, Township 86, Range 22, West of the 6th Meridian.  
All of Section 14, Township 86, Range 22, West of the 6th Meridian.  
All of Section 15, Township 86, Range 22, West of the 6th Meridian.





Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleum Ltd. as Seller of the First Part, and Westcoast Transmission Company Limited as Buyer of the Second Part, dated the 1st day of February, A. D. 1955.

Sunrise Area (British Columbia).

All of Section 28, Township 78, Range 16, West of the 6th Meridian.  
All of Section 29, Township 78, Range 16, West of the 6th Meridian.  
All of Section 30, Township 78, Range 16, West of the 6th Meridian.  
All of Section 31, Township 78, Range 16, West of the 6th Meridian.  
All of Section 32, Township 78, Range 16, West of the 6th Meridian.  
All of Section 33, Township 78, Range 16, West of the 6th Meridian.  
All of Section 25, Township 78, Range 17, West of the 6th Meridian.  
All of Section 26, Township 78, Range 17, West of the 6th Meridian.  
All of Section 35, Township 78, Range 17, West of the 6th Meridian.  
All of Section 36, Township 78, Range 17, West of the 6th Meridian.  
All of Section 3, Township 79, Range 16, West of the 6th Meridian.  
All of Section 4, Township 79, Range 16, West of the 6th Meridian.  
All of Section 5, Township 79, Range 16, West of the 6th Meridian.  
All of Section 6, Township 79, Range 16, West of the 6th Meridian.  
All of Section 7, Township 79, Range 16, West of the 6th Meridian.  
All of Section 8, Township 79, Range 16, West of the 6th Meridian.  
All of Section 9, Township 79, Range 16, West of the 6th Meridian.  
All of Section 10, Township 79, Range 16, West of the 6th Meridian.  
All of Section 15, Township 79, Range 16, West of the 6th Meridian.  
All of Section 16, Township 79, Range 16, West of the 6th Meridian.  
All of Section 17, Township 79, Range 16, West of the 6th Meridian.  
All of Section 18, Township 79, Range 16, West of the 6th Meridian.  
All of Section 1, Township 79, Range 17, West of the 6th Meridian.  
All of Section 12, Township 79, Range 17, West of the 6th Meridian.  
All of Section 13, Township 79, Range 17, West of the 6th Meridian.



Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleum Ltd. as Seller of the First Part, and Westcoast Transmission Company Limited as Buyer of the Second Part, dated the 1st day of February, A. D. 1955.

.Province of British Columbia

Permit 17

All of Section 17, Township 82, Range 15, West of the 6th Meridian.  
All of Section 18, Township 82, Range 15, West of the 6th Meridian.  
All of Section 19, Township 82, Range 15, West of the 6th Meridian.  
All of Section 20, Township 82, Range 15, West of the 6th Meridian.  
All of Section 29, Township 82, Range 15, West of the 6th Meridian.  
All of Section 30, Township 82, Range 15, West of the 6th Meridian.  
All of Section 31, Township 82, Range 15, West of the 6th Meridian.  
All of Section 32, Township 82, Range 15, West of the 6th Meridian.  
All of Section 13, Township 82, Range 16, West of the 6th Meridian.  
All of Section 14, Township 82, Range 16, West of the 6th Meridian.  
All of Section 15, Township 82, Range 16, West of the 6th Meridian.  
All of Section 16, Township 82, Range 16, West of the 6th Meridian.  
All of Section 17, Township 82, Range 16, West of the 6th Meridian.  
All of Section 18, Township 82, Range 16, West of the 6th Meridian.  
All of Section 19, Township 82, Range 16, West of the 6th Meridian.  
All of Section 20, Township 82, Range 16, West of the 6th Meridian.  
All of Section 21, Township 82, Range 16, West of the 6th Meridian.  
All of Section 22, Township 82, Range 16, West of the 6th Meridian.  
All of Section 23, Township 82, Range 16, West of the 6th Meridian.  
All of Section 24, Township 82, Range 16, West of the 6th Meridian.  
All of Section 25, Township 82, Range 16, West of the 6th Meridian.  
All of Section 26, Township 82, Range 16, West of the 6th Meridian.  
All of Section 27, Township 82, Range 16, West of the 6th Meridian.  
All of Section 28, Township 82, Range 16, West of the 6th Meridian.  
All of Section 29, Township 82, Range 16, West of the 6th Meridian.  
All of Section 30, Township 82, Range 16, West of the 6th Meridian.  
All of Section 31, Township 82, Range 16, West of the 6th Meridian.  
All of Section 32, Township 82, Range 16, West of the 6th Meridian.  
All of Section 33, Township 82, Range 16, West of the 6th Meridian.  
All of Section 34, Township 82, Range 16, West of the 6th Meridian.  
All of Section 35, Township 82, Range 16, West of the 6th Meridian.  
All of Section 36, Township 82, Range 16, West of the 6th Meridian.

Permit 18

All of Section 4, Township 83, Range 16, West of the 6th Meridian.  
All of Section 5, Township 83, Range 16, West of the 6th Meridian.  
All of Section 6, Township 83, Range 16, West of the 6th Meridian.  
All of Section 7, Township 83, Range 16, West of the 6th Meridian.  
All of Section 8, Township 83, Range 16, West of the 6th Meridian.  
All of Section 9, Township 83, Range 16, West of the 6th Meridian.  
All of Section 16, Township 83, Range 16, West of the 6th Meridian.  
All of Section 17, Township 83, Range 16, West of the 6th Meridian.  
All of Section 18, Township 83, Range 16, West of the 6th Meridian.



Permit 38

All of Section 4, Township 83, Range 15, West of the 6th Meridian.  
All of Section 5, Township 83, Range 15, West of the 6th Meridian.  
All of Section 6, Township 83, Range 15, West of the 6th Meridian.  
All of Section 7, Township 83, Range 15, West of the 6th Meridian.  
All of Section 8, Township 83, Range 15, West of the 6th Meridian.  
All of Section 9, Township 83, Range 15, West of the 6th Meridian.  
All of Section 16, Township 83, Range 15, West of the 6th Meridian.  
All of Section 17, Township 83, Range 15, West of the 6th Meridian.  
All of Section 18, Township 83, Range 15, West of the 6th Meridian.  
All of Section 1, Township 83, Range 16, West of the 6th Meridian.  
All of Section 2, Township 83, Range 16, West of the 6th Meridian.  
All of Section 3, Township 83, Range 16, West of the 6th Meridian.  
All of Section 10, Township 83, Range 16, West of the 6th Meridian.  
All of Section 11, Township 83, Range 16, West of the 6th Meridian.  
All of Section 12, Township 83, Range 16, West of the 6th Meridian.  
All of Section 13, Township 83, Range 16, West of the 6th Meridian.  
All of Section 14, Township 83, Range 16, West of the 6th Meridian.  
All of Section 15, Township 83, Range 16, West of the 6th Meridian.





Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleum Ltd. as Seller of the First Part, and Westcoast Transmission Company Limited as Buyer of the Second Part, dated the 1st day of February, A. D. 1955.

Parkland Field

B. C. P. & N. G. Lease #103

All of Section 19, Township 81, Range 15, West of the 6th Meridian.  
All of Section 20, Township 81, Range 15, West of the 6th Meridian.  
All of Section 29, Township 81, Range 15, West of the 6th Meridian.  
All of Section 30, Township 81, Range 15, West of the 6th Meridian.  
W.  $\frac{1}{2}$  of Section 21, Township 81, Range 15, West of the 6th Meridian.  
W.  $\frac{1}{2}$  of Section 28, Township 81, Range 15, West of the 6th Meridian.  
All of Section 24, Township 81, Range 16, West of the 6th Meridian.  
All of Section 25, Township 81, Range 16, West of the 6th Meridian.

Kilkeran Field

B. C. P. & N. G. Lease #29

All of Section 30, Township 78, Range 14, West of the 6th Meridian.  
All of Section 31, Township 78, Range 14, West of the 6th Meridian.  
All of Section 25, Township 78, Range 15, West of the 6th Meridian.  
All of Section 26, Township 78, Range 15, West of the 6th Meridian.  
All of Section 35, Township 78, Range 15, West of the 6th Meridian.  
All of Section 35, Township 78, Range 15, West of the 6th Meridian.  
All of Section 36, Township 78, Range 15, West of the 6th Meridian.  
All of Section 5, Township 79, Range 14, West of the 6th Meridian.  
All of Section 6, Township 79, Range 14, West of the 6th Meridian.  
All of Section 1, Township 79, Range 15, West of the 6th Meridian.



Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleum Ltd. as Seller of the First Part, and Westcoast Transmission Company Limited as Buyer of the Second Part, dated the 1st day of February, A. D. 1955.

Province of British Columbia

Permit 98

All of Section 5, Township 84, Range 13, West of the 6th Meridian.  
All of Section 6, Township 84, Range 13, West of the 6th Meridian.  
All of Section 7, Township 84, Range 13, West of the 6th Meridian.  
All of Section 8, Township 84, Range 13, West of the 6th Meridian.  
All of Section 17, Township 84, Range 13, West of the 6th Meridian.  
All of Section 18, Township 84, Range 13, West of the 6th Meridian.  
All of Section 19, Township 84, Range 13, West of the 6th Meridian.  
All of Section 20, Township 84, Range 13, West of the 6th Meridian.  
All of Section 29, Township 84, Range 13, West of the 6th Meridian.  
All of Section 30, Township 84, Range 13, West of the 6th Meridian.  
All of Section 31, Township 84, Range 13, West of the 6th Meridian.  
All of Section 32, Township 84, Range 13, West of the 6th Meridian.  
That portion of Sections 4, 9, 16, 21, 28, 33 lying West of the Alberta Boundary in Township 84, Range 13, West of the 6th Meridian.  
All of Section 1, Township 84, Range 14, West of the 6th Meridian.  
All of Section 2, Township 84, Range 14, West of the 6th Meridian.  
All of Section 3, Township 84, Range 14, West of the 6th Meridian.  
All of Section 4, Township 84, Range 14, West of the 6th Meridian.  
All of Section 5, Township 84, Range 14, West of the 6th Meridian.  
All of Section 6, Township 84, Range 14, West of the 6th Meridian.  
All of Section 7, Township 84, Range 14, West of the 6th Meridian.  
All of Section 8, Township 84, Range 14, West of the 6th Meridian.  
All of Section 9, Township 84, Range 14, West of the 6th Meridian.  
All of Section 10, Township 84, Range 14, West of the 6th Meridian.  
All of Section 11, Township 84, Range 14, West of the 6th Meridian.  
All of Section 12, Township 84, Range 14, West of the 6th Meridian.  
All of Section 13, Township 84, Range 14, West of the 6th Meridian.  
All of Section 14, Township 84, Range 14, West of the 6th Meridian.  
All of Section 15, Township 84, Range 14, West of the 6th Meridian.  
All of Section 16, Township 84, Range 14, West of the 6th Meridian.  
All of Section 17, Township 84, Range 14, West of the 6th Meridian.  
All of Section 18, Township 84, Range 14, West of the 6th Meridian.  
All of Section 19, Township 84, Range 14, West of the 6th Meridian.  
All of Section 20, Township 84, Range 14, West of the 6th Meridian.  
All of Section 21, Township 84, Range 14, West of the 6th Meridian.  
All of Section 22, Township 84, Range 14, West of the 6th Meridian.  
All of Section 23, Township 84, Range 14, West of the 6th Meridian.



Province of British Columbia

Permit 98 (continued)

All of Section 24, Township 84, Range 14, West of the 6th Meridian.  
All of Section 25, Township 84, Range 14, West of the 6th Meridian.  
All of Section 26, Township 84, Range 14, West of the 6th Meridian.  
All of Section 27, Township 84, Range 14, West of the 6th Meridian.  
All of Section 28, Township 84, Range 14, West of the 6th Meridian.  
All of Section 29, Township 84, Range 14, West of the 6th Meridian.  
All of Section 30, Township 84, Range 14, West of the 6th Meridian.  
All of Section 31, Township 84, Range 14, West of the 6th Meridian.  
All of Section 32, Township 84, Range 14, West of the 6th Meridian.  
All of Section 33, Township 84, Range 14, West of the 6th Meridian.  
All of Section 34, Township 84, Range 14, West of the 6th Meridian.  
All of Section 35, Township 84, Range 14, West of the 6th Meridian.  
All of Section 36, Township 84, Range 14, West of the 6th Meridian.  
All of Section 1, Township 84, Range 15, West of the 6th Meridian.  
All of Section 2, Township 84, Range 15, West of the 6th Meridian.  
All of Section 3, Township 84, Range 15, West of the 6th Meridian.  
All of Section 4, Township 84, Range 15, West of the 6th Meridian.  
All of Section 5, Township 84, Range 15, West of the 6th Meridian.  
All of Section 6, Township 84, Range 15, West of the 6th Meridian.  
All of Section 7, Township 84, Range 15, West of the 6th Meridian.  
All of Section 8, Township 84, Range 15, West of the 6th Meridian.  
All of Section 9, Township 84, Range 15, West of the 6th Meridian.  
All of Section 10, Township 84, Range 15, West of the 6th Meridian.  
All of Section 11, Township 84, Range 15, West of the 6th Meridian.  
All of Section 12, Township 84, Range 15, West of the 6th Meridian.  
All of Section 13, Township 84, Range 15, West of the 6th Meridian.  
All of Section 14, Township 84, Range 15, West of the 6th Meridian.  
All of Section 15, Township 84, Range 15, West of the 6th Meridian.  
All of Section 16, Township 84, Range 15, West of the 6th Meridian.  
All of Section 17, Township 84, Range 15, West of the 6th Meridian.  
All of Section 18, Township 84, Range 15, West of the 6th Meridian.  
All of Section 19, Township 84, Range 15, West of the 6th Meridian.  
All of Section 20, Township 84, Range 15, West of the 6th Meridian.  
All of Section 21, Township 84, Range 15, West of the 6th Meridian.  
All of Section 22, Township 84, Range 15, West of the 6th Meridian.  
All of Section 23, Township 84, Range 15, West of the 6th Meridian.  
All of Section 24, Township 84, Range 15, West of the 6th Meridian.  
All of Section 25, Township 84, Range 15, West of the 6th Meridian.  
All of Section 26, Township 84, Range 15, West of the 6th Meridian.  
All of Section 27, Township 84, Range 15, West of the 6th Meridian.  
All of Section 28, Township 84, Range 15, West of the 6th Meridian.  
All of Section 29, Township 84, Range 15, West of the 6th Meridian.  
All of Section 30, Township 84, Range 15, West of the 6th Meridian.





Province of British Columbia

Permit 98 (continued)

All of Section 31, Township 84, Range 15, West of the 6th Meridian.  
All of Section 32, Township 84, Range 15, West of the 6th Meridian.  
All of Section 33, Township 84, Range 15, West of the 6th Meridian.  
All of Section 34, Township 84, Range 15, West of the 6th Meridian.  
All of Section 35, Township 84, Range 15, West of the 6th Meridian.  
All of Section 36, Township 84, Range 15, West of the 6th Meridian.  
All of Section 5, Township 85, Range 13, West of the 6th Meridian.  
All of Section 6, Township 85, Range 13, West of the 6th Meridian.  
All of Section 7, Township 85, Range 13, West of the 6th Meridian.  
All of Section 8, Township 85, Range 13, West of the 6th Meridian.  
All of Section 17, Township 85, Range 13, West of the 6th Meridian.  
All of Section 18, Township 85, Range 13, West of the 6th Meridian.  
That portion of Sections 4, 9, 16 lying West of the Alberta Boundary  
in Township 85, Range 13, West of the 6th Meridian.  
All of Section 1, Township 85, Range 14, West of the 6th Meridian.  
All of Section 2, Township 85, Range 14, West of the 6th Meridian.  
All of Section 3, Township 85, Range 14, West of the 6th Meridian.  
All of Section 4, Township 85, Range 14, West of the 6th Meridian.  
All of Section 5, Township 85, Range 14, West of the 6th Meridian.  
All of Section 6, Township 85, Range 14, West of the 6th Meridian.  
All of Section 7, Township 85, Range 14, West of the 6th Meridian.  
All of Section 8, Township 85, Range 14, West of the 6th Meridian.  
All of Section 9, Township 85, Range 14, West of the 6th Meridian.  
All of Section 10, Township 85, Range 14, West of the 6th Meridian.  
All of Section 11, Township 85, Range 14, West of the 6th Meridian.  
All of Section 12, Township 85, Range 14, West of the 6th Meridian.  
All of Section 13, Township 85, Range 14, West of the 6th Meridian.  
All of Section 14, Township 85, Range 14, West of the 6th Meridian.  
All of Section 15, Township 85, Range 14, West of the 6th Meridian.  
All of Section 16, Township 85, Range 14, West of the 6th Meridian.  
All of Section 17, Township 85, Range 14, West of the 6th Meridian.  
All of Section 18, Township 85, Range 14, West of the 6th Meridian.  
All of Section 1, Township 85, Range 15, West of the 6th Meridian.  
All of Section 2, Township 85, Range 15, West of the 6th Meridian.  
All of Section 3, Township 85, Range 15, West of the 6th Meridian.  
All of Section 4, Township 85, Range 15, West of the 6th Meridian.  
All of Section 5, Township 85, Range 15, West of the 6th Meridian.  
All of Section 6, Township 85, Range 15, West of the 6th Meridian.  
All of Section 7, Township 85, Range 15, West of the 6th Meridian.  
All of Section 8, Township 85, Range 15, West of the 6th Meridian.  
All of Section 9, Township 85, Range 15, West of the 6th Meridian.  
All of Section 10, Township 85, Range 15, West of the 6th Meridian.  
All of Section 11, Township 85, Range 15, West of the 6th Meridian.  
All of Section 12, Township 85, Range 15, West of the 6th Meridian.  
All of Section 13, Township 85, Range 15, West of the 6th Meridian.  
All of Section 14, Township 85, Range 15, West of the 6th Meridian.  
All of Section 15, Township 85, Range 15, West of the 6th Meridian.  
All of Section 16, Township 85, Range 15, West of the 6th Meridian.  
All of Section 17, Township 85, Range 15, West of the 6th Meridian.  
All of Section 18, Township 85, Range 15, West of the 6th Meridian.



Province of British Columbia

Permit 100

All of Section 19, Township 85, Range 15, West of the 6th Meridian.  
All of Section 20, Township 85, Range 15, West of the 6th Meridian.  
All of Section 21, Township 85, Range 15, West of the 6th Meridian.  
All of Section 22, Township 85, Range 15, West of the 6th Meridian.  
All of Section 27, Township 85, Range 15, West of the 6th Meridian.  
All of Section 28, Township 85, Range 15, West of the 6th Meridian.  
All of Section 29, Township 85, Range 15, West of the 6th Meridian.  
All of Section 30, Township 85, Range 15, West of the 6th Meridian.  
All of Section 31, Township 85, Range 15, West of the 6th Meridian.  
All of Section 32, Township 85, Range 15, West of the 6th Meridian.  
All of Section 33, Township 85, Range 15, West of the 6th Meridian.  
All of Section 34, Township 85, Range 15, West of the 6th Meridian.  
That portion of Sections 23, 26, 35 lying West of the production  
Southerly of the East Boundary of Section 2, Township 87, Range 15,  
West of the 6th Meridian.



Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleum Ltd. as Seller of the First Part, and Westcoast Transmission Company Limited as Buyer of the Second Part, dated the 1st day of February, A. D. 1955.

Province of British Columbia

Permit 30

All of Section 31, Township 83, Range 20, West of the 6th Meridian.  
All of Section 32, Township 83, Range 20, West of the 6th Meridian.  
All of Section 33, Township 83, Range 20, West of the 6th Meridian.  
All of Section 4, Township 84, Range 20, West of the 6th Meridian.  
All of Section 5, Township 84, Range 20, West of the 6th Meridian.  
All of Section 6, Township 84, Range 20, West of the 6th Meridian.  
All of Section 7, Township 84, Range 20, West of the 6th Meridian.  
All of Section 8, Township 84, Range 20, West of the 6th Meridian.  
All of Section 9, Township 84, Range 20, West of the 6th Meridian.  
All of Section 16, Township 84, Range 20, West of the 6th Meridian.  
All of Section 17, Township 84, Range 20, West of the 6th Meridian.  
All of Section 18, Township 84, Range 20, West of the 6th Meridian.

Permit 19

All of Section 34, Township 83, Range 21, West of the 6th Meridian.  
All of Section 35, Township 83, Range 21, West of the 6th Meridian.  
All of Section 36, Township 83, Range 21, West of the 6th Meridian.  
All of Section 1, Township 84, Range 21, West of the 6th Meridian.  
All of Section 2, Township 84, Range 21, West of the 6th Meridian.  
All of Section 3, Township 84, Range 21, West of the 6th Meridian.  
All of Section 10, Township 84, Range 21, West of the 6th Meridian.  
All of Section 11, Township 84, Range 21, West of the 6th Meridian.  
All of Section 12, Township 84, Range 21, West of the 6th Meridian.  
All of Section 13, Township 84, Range 21, West of the 6th Meridian.  
All of Section 14, Township 84, Range 21, West of the 6th Meridian.  
All of Section 15, Township 84, Range 21, West of the 6th Meridian.

Permit 135

All of Section 19, Township 84, Range 20, West of the 6th Meridian.  
All of Section 20, Township 84, Range 20, West of the 6th Meridian.  
All of Section 21, Township 84, Range 20, West of the 6th Meridian.  
All of Section 22, Township 84, Range 21, West of the 6th Meridian.  
All of Section 23, Township 84, Range 21, West of the 6th Meridian.  
All of Section 24, Township 84, Range 21, West of the 6th Meridian.  
All of Section 1, Township 86, Range 20, West of the 6th Meridian.  
All of Section 2, Township 86, Range 20, West of the 6th Meridian.  
All of Section 3, Township 86, Range 20, West of the 6th Meridian.  
All of Section 4, Township 86, Range 20, West of the 6th Meridian.  
All of Section 5, Township 86, Range 20, West of the 6th Meridian.







Province of British Columbia

Permit 135(continued)

All of Section 8, Township 86, Range 20, West of the 6th Meridian.  
All of Section 9, Township 86, Range 20, West of the 6th Meridian.  
All of Section 10, Township 86, Range 20, West of the 6th Meridian.  
All of Section 11, Township 86, Range 20, West of the 6th Meridian.  
All of Section 12, Township 86, Range 20, West of the 6th Meridian.  
All of Section 13, Township 86, Range 20, West of the 6th Meridian.  
All of Section 14, Township 86, Range 20, West of the 6th Meridian.  
All of Section 15, Township 86, Range 20, West of the 6th Meridian.  
All of Section 16, Township 86, Range 20, West of the 6th Meridian.  
All of Section 17, Township 86, Range 20, West of the 6th Meridian.  
All of Section 20, Township 86, Range 20, West of the 6th Meridian.  
All of Section 21, Township 86, Range 20, West of the 6th Meridian.  
All of Section 22, Township 86, Range 20, West of the 6th Meridian.  
All of Section 23, Township 86, Range 20, West of the 6th Meridian.  
All of Section 24, Township 86, Range 20, West of the 6th Meridian.  
All of Section 25, Township 86, Range 20, West of the 6th Meridian.  
All of Section 26, Township 86, Range 20, West of the 6th Meridian.  
All of Section 27, Township 86, Range 20, West of the 6th Meridian.  
All of Section 28, Township 86, Range 20, West of the 6th Meridian.  
All of Section 29, Township 86, Range 20, West of the 6th Meridian.  
All of Section 32, Township 86, Range 20, West of the 6th Meridian.  
All of Section 33, Township 86, Range 20, West of the 6th Meridian.  
All of Section 34, Township 86, Range 20, West of the 6th Meridian.  
All of Section 35, Township 86, Range 20, West of the 6th Meridian.  
All of Section 36, Township 86, Range 20, West of the 6th Meridian.

Permit 126

All of Section 5, Township 86, Range 18, West of the 6th Meridian.  
All of Section 6, Township 86, Range 18, West of the 6th Meridian.  
All of Section 7, Township 86, Range 18, West of the 6th Meridian.  
All of Section 8, Township 86, Range 18, West of the 6th Meridian.  
All of Section 17, Township 86, Range 18, West of the 6th Meridian.  
All of Section 18, Township 86, Range 18, West of the 6th Meridian.  
All of Section 19, Township 86, Range 18, West of the 6th Meridian.  
All of Section 20, Township 86, Range 18, West of the 6th Meridian.  
All of Section 29, Township 86, Range 18, West of the 6th Meridian.  
All of Section 30, Township 86, Range 18, West of the 6th Meridian.  
All of Section 31, Township 86, Range 18, West of the 6th Meridian.  
All of Section 32, Township 86, Range 18, West of the 6th Meridian.  
All of Section 4, Township 87, Range 18, West of the 6th Meridian.  
All of Section 5, Township 87, Range 18, West of the 6th Meridian.  
All of Section 6, Township 87, Range 18, West of the 6th Meridian.  
All of Section 7, Township 87, Range 18, West of the 6th Meridian.  
All of Section 8, Township 87, Range 18, West of the 6th Meridian.



Province of British Columbia

Permit 126 (continued)

All of Section 9, Township 87, Range 18, West of the 6th Meridian.  
All of Section 16, Township 87, Range 18, West of the 6th Meridian.  
All of Section 17, Township 87, Range 18, West of the 6th Meridian.  
All of Section 18, Township 87, Range 18, West of the 6th Meridian.  
All of Section 1, Township 86, Range 19, West of the 6th Meridian.  
All of Section 2, Township 86, Range 19, West of the 6th Meridian.  
All of Section 3, Township 86, Range 19, West of the 6th Meridian.  
All of Section 4, Township 86, Range 19, West of the 6th Meridian.  
All of Section 5, Township 86, Range 19, West of the 6th Meridian.  
All of Section 6, Township 86, Range 19, West of the 6th Meridian.  
All of Section 7, Township 86, Range 19, West of the 6th Meridian.  
All of Section 8, Township 86, Range 19, West of the 6th Meridian.  
All of Section 9, Township 86, Range 19, West of the 6th Meridian.  
All of Section 10, Township 86, Range 19, West of the 6th Meridian.  
All of Section 11, Township 86, Range 19, West of the 6th Meridian.  
All of Section 12, Township 86, Range 19, West of the 6th Meridian.  
All of Section 13, Township 86, Range 19, West of the 6th Meridian.  
All of Section 14, Township 86, Range 19, West of the 6th Meridian.  
All of Section 15, Township 86, Range 19, West of the 6th Meridian.  
All of Section 16, Township 86, Range 19, West of the 6th Meridian.  
All of Section 17, Township 86, Range 19, West of the 6th Meridian.  
All of Section 18, Township 86, Range 19, West of the 6th Meridian.  
All of Section 19, Township 86, Range 19, West of the 6th Meridian.  
All of Section 20, Township 86, Range 19, West of the 6th Meridian.  
All of Section 21, Township 86, Range 19, West of the 6th Meridian.  
All of Section 22, Township 86, Range 19, West of the 6th Meridian.  
All of Section 23, Township 86, Range 19, West of the 6th Meridian.  
All of Section 24, Township 86, Range 19, West of the 6th Meridian.  
All of Section 25, Township 86, Range 19, West of the 6th Meridian.  
All of Section 26, Township 86, Range 19, West of the 6th Meridian.  
All of Section 27, Township 86, Range 19, West of the 6th Meridian.  
All of Section 28, Township 86, Range 19, West of the 6th Meridian.  
All of Section 29, Township 86, Range 19, West of the 6th Meridian.  
All of Section 30, Township 86, Range 19, West of the 6th Meridian.  
All of Section 31, Township 86, Range 19, West of the 6th Meridian.  
All of Section 32, Township 86, Range 19, West of the 6th Meridian.  
All of Section 33, Township 86, Range 19, West of the 6th Meridian.  
All of Section 34, Township 86, Range 19, West of the 6th Meridian.  
All of Section 35, Township 86, Range 19, West of the 6th Meridian.  
All of Section 36, Township 86, Range 19, West of the 6th Meridian.



Province of British Columbia

Permit 126 (continued)

All of Section 1, Township 87, Range 19, West of the 6th Meridian.  
All of Section 2, Township 87, Range 19, West of the 6th Meridian.  
All of Section 3, Township 87, Range 19, West of the 6th Meridian.  
All of Section 4, Township 87, Range 19, West of the 6th Meridian.  
All of Section 5, Township 87, Range 19, West of the 6th Meridian.  
All of Section 6, Township 87, Range 19, West of the 6th Meridian.  
All of Section 7, Township 87, Range 19, West of the 6th Meridian.  
All of Section 8, Township 87, Range 19, West of the 6th Meridian.  
All of Section 9, Township 87, Range 19, West of the 6th Meridian.  
All of Section 10, Township 87, Range 19, West of the 6th Meridian.  
All of Section 11, Township 87, Range 19, West of the 6th Meridian.  
All of Section 12, Township 87, Range 19, West of the 6th Meridian.  
All of Section 13, Township 87, Range 19, West of the 6th Meridian.  
All of Section 14, Township 87, Range 19, West of the 6th Meridian.  
All of Section 15, Township 87, Range 19, West of the 6th Meridian.  
All of Section 16, Township 87, Range 19, West of the 6th Meridian.  
All of Section 17, Township 87, Range 19, West of the 6th Meridian.  
All of Section 18, Township 87, Range 19, West of the 6th Meridian.









Abstract of Amendments to Gas Purchase Contract  
dated February 1, 1955, between Pacific Petroleum Ltd.  
and Westcoast Transmission Company Limited.  
(B.C. Fields)

April 21, 1955

1. For the period commencing with first deliveries of gas up to December 31, 1960, upon notice by Seller to Buyer, the maximum volume that Seller is required to deliver to Buyer in any one day shall be increased by volumes of up to 25 MMcf/day.
2. Four months notice must be given by Buyer to Seller covering additional volumes.
3. The additional volumes mentioned will be delivered at the same price and in accordance with the terms of the original agreement.

Note: This amendment is cancelled by the amendment dated  
January 15, 1957.

June 20, 1955

Paragraph 1 of Article V is amended to delete the phrase  
"Sellers undivided interest in" with reference to the maximum  
day volume obligation.

Note: This amendment is cancelled by the amendment dated  
January 15, 1957.

August 26, 1955

Additional lands in permits 17, 18 and 38 are added to  
Schedule "A" of the agreement.



January 4, 1956

Article VIII is amended to provide for delivery points south of the Peace River in the Sunrise, Kiskatinaw and Pouce Coupe Fields. It is also provided that the point of delivery from fields north of the Peace River will be at the outlet of the Gas Processing Plant at Taylor, and that the Seller will deliver raw gas to Buyer at locations in the Fort St. John, Southeast Fort St. John, West Buick Creek, Red Creek and Montney Fields and at other points on Buyer's main gathering line north to Milepost 80 on the Alcan Highway. Buyer will provide the pipeline facilities for the raw gas from the fields mentioned to the processing plant but the Seller retains title to the gas. Buyer will not charge Seller for transportation of this gas.

Delivery pressure requirements remain the same for gas from fields south of the Peace River, but gas from fields north of the Peace River is to be delivered at the highest practicable pressure, not more than 1,000 psig or less than 800 psig for the first four years. Thereafter, the pressure requirements are reduced.

It is provided that Buyer will construct compression facilities upstream of the processing plant when required.

Note: This amendment is cancelled by the amendment dated  
January 15, 1957.





August 31, 1956

Additional lands in the Parkland and Kilkeran Fields are added to  
Schedule "A" of the agreement.

January 15, 1957

1. The amending agreements dated April 21, 1955, June 20, 1955 and January 4, 1956 are cancelled.
2. Article III is amended by adding definitions of some additional items.
3. Section I of Article IV is amended by deleting the reference to "Seller's interest in" the leases mentioned. The rights reserved to Seller are changed to provide for the use of gas for the development of Seller's properties, the right to operate the leases free from any control by Buyer, the right of Seller to process gas or have gas processed for it, for the extraction of hydrocarbons, subject to certain requirements including limitation to mechanical separation of gas. Seller also reserves the right to use gas for fuel needed in processing plants located in the various fields, for effecting delivery of gas to Buyer and the right to dispose of volumes of surplus gas as defined.
4. Section I of Article V is amended to increase the maximum day volume of gas that Seller is required to deliver from 200 MMcf to 230 MMcf. On four months notice Buyer may require Seller to provide up to 25 MMcf/day in addition to the initial 230 MMcf/day.



5. Article VI is amended to change the price to be paid by Buyer to Seller for all gas delivered. This price will be the sum of a price per Mcf of the residue gas from the scrubbing plant and a price per Mcf of gas delivered from Seller's wells based on the by-products extracted from the gas and sold from the Buyer's plant.

Calculation of price after December 31, 1977 is defined. Payment for gas is to be adjusted for the difference in exchange rates between Canadian and United States funds, except for gas payments based on by-product content, which is payable in Canadian currency without adjustment.

It is provided that the price payable will be increased upon alteration of the price at which Pacific Northwest has contracted to purchase additional volumes of gas for delivery near Sumas.

6. Article VII is amended to provide that Seller shall pay all royalties or charges of a similar nature in respect of the gas delivered under the agreement and the by-products manufactured and sold therefrom. It is also provided that any increase in gross production taxes, severance taxes and excise taxes in respect to gas delivered up to the point of delivery to Buyer, and increases in any tax on pipelines in Seller's gathering system will be borne 3/4 by Buyer and 1/4 by Seller.



7. Article VIII is amended to provide for delivery points from fields south of the Peace River in the Sunrise, Kiskatinaw and Pouce Coupe Fields and other points as agreed. It is provided that delivery points from fields north of the Peace River will be at locations in the Fort St. John, Southeast Fort St. John, West Buick Creek, Red Creek and Montney Fields, and other points as agreed.

Delivery pressures are defined for gas delivered from fields north and south of the Peace River.

8. Article IX is amended to provide different specifications for gas delivered from fields south or north of the Peace River to provide for the delivery of raw gas from fields north of the Peace River.
9. Article XI is amended by adding a provision that the Buyer install, maintain and operate equipment required to measure volumes and temperatures of residue gas produced from the scrubbing plant.
10. Article XII is amended to provide that Seller will render a statement to Buyer on or before the 10th day of each month, for all gas delivered from each delivery point during the preceding month. Buyer will furnish Seller, on or before the 20th day of each month, with a statement showing the monies due Seller including an allocation to each delivery point north of the





Peace River of residue gas, pentanes plus, LPG and sulphur. It is also provided that Seller shall conduct tests to determine the average analysis of the gas delivered at each delivery point. These tests shall be made from time to time but not more often than once a year.

March 28, 1957.

Additional lands in permits 98 and 100 are added to Schedule "A" of the agreement.

August 26, 1957.

1. Additional lands in Permits 30, 19, 135 and 126 are added to Schedule "A" of the agreement.
2. Article VI, Section 1 (a) is amended to correct an error in wording so that the reduction in price paid to Seller, because of reduced billing demand, will be effective from the commencement of deliveries under the agreement.







DATED  
AMENDED TO

12th day of April  
1st day of August

A.D. 1955  
A.D. 1957

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BETWEEN:

J.B. WHITE, A.M. LLOYD, MORRIS and BURK, LTD.,  
of Dallas, Texas, LESTER ARMOUR, PHILIP D. ARMOUR,  
E.W. KNEIP FUND, of Chicago, Illinois, GUY S. MEANS,  
of Fort Wayne, Indiana, GULF STATES OIL COMPANY OF  
CANADA, a body corporate with an office at Houston, Texas,  
and FARGO OILS, LTD., a body corporate with an office at  
Calgary, Alberta,

The "Seller" of the First Part,

- and -

WESTCOAST TRANSMISSION COMPANY LIMITED, a body  
corporate incorporated by Act of Parliament of Canada, with  
head office at the City of Calgary, in the Province of Alberta,

The "Buyer" of the Second Part,

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GAS PURCHASE AGREEMENT  
Re: Blueberry Field - B. C.

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OFFICE CONSOLIDATION





THIS AGREEMENT made this 12th day of April A.D. 1955,  
and amended to and including August 1, 1957,

BETWEEN:

J.B. WHITE, A.M. LLOYD, MORRIS and BURK, LTD.,  
of Dallas, Texas, LESTER ARMOUR, PHILIP D. ARMOUR,  
E.W. KNEIP FUND, of Chicago, Illinois, GUY S. MEANS,  
of Fort Wayne, Indiana, GULF STATES OIL COMPANY OF  
CANADA, a body corporate with an office at Houston, Texas,  
and FARGO OILS, LTD., a body corporate with an office at  
Calgary, Alberta, (hereinafter collectively called the "Seller")

OF THE FIRST PART,

- and -

WESTCOAST TRANSMISSION COMPANY LIMITED,  
a body corporate incorporated by Act of Parliament of  
Canada, with head office at the City of Calgary, in  
the Province of Alberta (hereinafter called the "Buyer")

OF THE SECOND PART,

WITNESSETH that in consideration of the mutual covenants hereinafter  
set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the parties  
hereto as follows:

## ARTICLE I

### REPRESENTATIONS

#### 1. Buyer's Representations:

Buyer represents that it is now proceeding with the construction of  
a natural gas transmission pipeline (hereinafter referred to as "the pipeline")  
from gas fields in northern Alberta and northern British Columbia to a point on  
the international boundary between the Province of British Columbia and the



state of Washington. Buyer has entered into an agreement with Pacific Northwest Pipeline Corporation (hereinafter called "Pacific Northwest"), dated December 11, 1954, providing (a) for the sale by Buyer to Pacific Northwest of 300,000 Mcf of Gas per day at the connection with the pipeline facilities of Pacific Northwest at the international boundary near Sumas, Washington, and (b) giving Pacific Northwest the right to increase its contract demand above 300,000 Mcf of Gas per day by an additional 100,000 Mcf of Gas per day when there are available to Buyer under terms of Buyer's gas purchase contracts proven and recoverable reserves capable of providing such increased deliveries.

2. Seller's Representations:

Seller represents that it owns or controls the interests in the natural gas rights in and under the leases described in Schedule "A" hereto attached and by reference made a part hereof as therein stated and that it has full right, power and authority to sell and dispose of the Gas to be sold and purchased under the terms hereof free and clear of all encumbrances, and that Seller is now engaged in a drilling program for the purpose of further developing the said lands for the production of Gas.

3. Buyer's Performance with Diligence:

Buyer will proceed with diligence with the construction of its said pipeline facilities and with the construction of the gas scrubbing plant contemplated in this agreement.



4. Seller's Performance with Diligence:

Seller agrees that it will be ready to deliver gas under this contract whenever the pipeline facilities of the Buyer are ready to receive the same. HOWEVER, upon the happening of any of the following contingencies, to wit:

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the first day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States, containing terms and conditions satisfactory to such customer or customers;
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the first day of April, A. D. 1956;
- (c) The failure of the Seller to complete its facilities to deliver gas hereunder to the Buyer not later than the day upon which Buyer shall have completed the pipeline facilities required to take deliveries of gas;

the Buyer shall have the right to terminate this contract by written notice to be delivered to Seller at any time after the happening of any such contingency.

5. Non-Waiver of Remedies:

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described in Sections 3 and 4 of this Article I shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.





## ARTICLE II

### TERM

Subject to prior termination under the provisions of Article I or Section 3 of Article VI hereof, this contract shall remain in force and effect from the date hereof for the term of the Leases described in Schedule "A", and subject to the renewal thereof, as long thereafter as natural gas shall be produced from the lands covered by the leases in such amount as in Seller's judgment is profitable to the Seller, or until the amount of natural gas available to Buyer hereunder shall no longer be profitable in Buyer's judgment to the Buyer.

## ARTICLE III

### DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this Agreement shall have the following meanings:

1. The term 'day' shall mean a period of twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A.M., Pacific Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A.M. on the first day of the calendar month and ending at Eight (8:00) A.M. on the first day of the next succeeding calendar month.



3. The term "year" shall mean a calendar year beginning at Eight (8:00) A.M. Pacific Standard Time January first and ending the next succeeding January first at Eight (8:00) A.M. Pacific Standard Time .
4. The term "cubic foot" shall mean the volume of gas which occupies one (1) cubic foot when such gas is at a temperature of sixty degrees Fahrenheit ( $60^{\circ}\text{F.}$ ), and at a pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch absolute .
5. The term "Mcf" shall mean one thousand (1000) cubic feet of gas .
6. The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of one (1) pound of water one degree Fahrenheit ( $1^{\circ}\text{F.}$ ) at sixty degrees Fahrenheit ( $60^{\circ}\text{F.}$ ).
7. The term "total heating value", when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of One (1)cubic foot at a temperature of sixty degrees Fahrenheit ( $60^{\circ}\text{F.}$ ) if saturated with water vapour, and under a pressure equal to that of thirty (30) inches of mercury at thirty-two degrees Fahrenheit ( $32^{\circ}\text{F.}$ ) and under standard gravitation force (acceleration nine hundred and eighty and six hundred and sixty-five thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state .



8. The term "Buyer" shall mean Westcoast Transmission Company Limited.
9. The term "Seller" shall mean J.B. White, A.M. Lloyd, Nelson and Edward Morris, Ltd., Lester Armour, Philip D. Armour, E. F. McDonald, Jr., E. W. Kneip Fund, Guy S. Means, Gulf States Oil Company of Canada and Fargo Oils, Ltd., or their assignee or assignees.
10. The term "Lease" shall mean and include any document by virtue of which the Seller is entitled to own, drill for and produce and sell gas from the lands described in Schedule "A" hereto attached.
11. The term "natural gas" means natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
12. The term "billing demand" means the total of the contract demand under the terms of the contract made between Westcoast Transmission Company Limited and Pacific Northwest Pipeline Corporation dated December 11, 1954, and the maximum quantity of gas delivered by Westcoast Transmission Company Limited to its customers in British Columbia on any one day during the twelve months ending with the billing month, exclusive, however, of gas delivered by Westcoast Transmission Company Limited to its customers both in Canada and the United States on an interruptible basis, that is to say, subject to curtailment or interruption upon notice by Westcoast





Transmission Company Limited whenever and to the extent that in the sole judgment of Westcoast Transmission Company Limited such curtailment or interruption is necessary.

13. The term "Gas" shall have the same meaning as natural gas.
14. The term "Gallon" means Imperial Gallon.
15. The term "Barrel" means a barrel of thirty-five (35) gallons.
16. The term "GPM" means gallons per Mcf.
17. The term "LPG" means liquefied petroleum gas consisting of propane and/or butane.
18. The term "GPM of LPG" means the GPM of propane and butane.
19. The term "Pentanes Plus" means Pentane and heavier hydrocarbons.
20. The term "GPM of Pentanes Plus" means the GPM of Pentanes and heavier hydrocarbons.
21. The term "LPM" means pounds per Mcf.
22. The term "LPM of Sulfur" means the LPM of Sulfur.

#### ARTICLE IV

#### AVAILABILITY OF GAS

##### 1. Gas Reserves under Contract:

Seller represents that the Leases covered by this contract may be subject to renewal from time to time as provided in said Leases and Seller is entitled to sell or dispose of its interest in all Gas produced from the lands as described in Schedule "A" hereto attached. Subject to the provisions of



this contract, and to availability of Gas from said leases, Seller agrees to sell and deliver to Buyer the volumes of Gas to be sold and purchased in accordance with the terms hereof, produced and saved from Seller's interest in the lands covered by the Leases as shown on Schedule "A", excepting and reserving, however, the following rights:

- (1) The right to use such Gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require for development of Seller's properties described in Schedule "A", including, but not limited to, the use of Gas for fuel, drilling, development and operating said properties (including repressuring, cycling and pressure maintenance) for the production of oil, Gas or other minerals.
- (2) The right to operate the Leases covered by this contract free from any and all control by Buyer, in such manner as Seller, in its sole discretion, deems advisable, including, without limitation, the right to drill new wells, repair or rework old wells, and to abandon any well or wells which Seller deems no longer profitable. Anything contained in this agreement to the contrary notwithstanding, Seller shall never be obligated to drill or rework any well which, in the exercise of its uncontrolled will, it determines that it should not drill or rework.



- (3) The right to process or to have processed for it such Gas for the extraction of hydrocarbons and to retain and dispose of (free from any and all claims by Buyer) any and all liquids recovered by or for Seller from the Gas prior to delivery of the Gas to Buyer; provided, that Seller shall limit such processing to mechanical separation of Gas produced from any well having more than 0.5 GPM of pentanes plus where the separation of liquids will not reduce the liquid content below 0.5 GPM of pentanes plus, and to incidental separation inadvertently effected in the dehydration of the Gas for water vapor removal and other handling as required by this agreement.
- (4) The right to use such Gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for Seller (Provided that such processing plants are located in the respective fields comprised in the lands described in Schedule "A", but whether or not the processing plants are owned by other than Seller) or for effecting delivery of the Gas to the Buyer, it being recognized by Buyer that Gas so used by the Seller, and Gas lost through process shrinkage or gathering operations, is reserved to Seller.
- (5) It is the intention of the parties hereto that the maximum quantity of recoverable gas reserves underlying lands covered by leases described





in Schedule "A" shall be a volume equal to One trillion cubic feet. Based upon geological information now available it is considered probable that such recoverable gas reserves may be in excess of One trillion cubic feet. Therefore, it is agreed that as of the date of this agreement and thereafter at the request of either party (but not oftener than once each year) Seller shall make an estimate of the total recoverable reserves of gas underlying the lands described in Schedule "A" as of the date of this agreement and in the event the estimate of such reserves as made by Seller and approved by Buyer shall exceed One trillion cubic feet, Seller shall have the right to delete from said Schedule "A" and thereafter from any and all terms of this agreement, Seller's interest in such portion of the lands described therein to be selected by Seller and approved by Buyer, as shall represent recoverable gas reserves in excess of One trillion cubic feet. In making the selection of lands which are to be deleted from Schedule "A", as above provided, consideration shall be given to the following:

- (a) Lands in which Seller's interest is retained in the Schedule and subject to this agreement shall have as nearly as practicable the average deliverability and underlying gas reserves of the entire lands covered by the Leases described in said schedule;



(b) To as great an extent as possible considering the foregoing, the lands so deleted shall be at not less than equal stages of development as the retained acreage and as nearly as practicable, in solid blocks of contiguous acreage;

(c) Subject to the foregoing, the preference should be given to deletion of acreage which will result in the smallest amount of abandonment or changing by Buyer of facilities constructed to take gas hereunder.

In the event Buyer and Seller shall be unable to agree upon the quantity of recoverable gas reserves underlying as of the date of this agreement lands covered by leases described in Schedule "A", or shall be unable to agree with respect to the acreage to be retained and the acreage to be deleted from said Schedule "A", such determination shall be made by an independent geologist or firm of independent geologists to be selected by Buyer from a list of three or more of such geologists or firms of geologists to be submitted by Seller to Buyer in writing.

If the maximum day obligation provided for in Section 1 of Article V of this agreement shall ever be finally determined, after all increases thereof have been made as provided in said section, to be less than 100 million cubic feet per day, the figure one trillion at each place where it appears in this Section of this Agreement shall



be deemed and considered to be a figure equal to Ten billion multiplied by the number of million cubic feet of gas per day represented by said maximum day obligation as so finally determined.

- (6) The right at all times to sell and dispose of volumes of surplus Gas which Buyer is not purchasing and which Seller, in its sole judgment and in good faith, considers prudent to establish as a reasonable rate of production of Gas from its fields in order to prevent drainage and to permit Seller to produce its allowable quantity of oil or condensate. Subject to the above, Seller agrees not to sell surplus Gas in quantities which would deplete Seller's reserves to the extent that such reserves equal less than 10,000,000 Mcf for each 1,000 Mcf of the then daily maximum contract quantity of Gas which Seller is obligated to deliver hereunder to Buyer, said 10,000,000 Mcf being reduced by three and sixty-five hundredths per cent (3.65%) as of the end of each calendar year of the term of this contract.

2. Maintenance of Leases:

Seller shall not be required to retain nonproducing lands which, in Seller's judgment, appear to be potentially nonproductive or that have been condemned by neighboring development, nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit.



Before releasing any gas lease on any such lands however, Seller shall give Buyer timely notice of such intended release, and, upon demand by Buyer, assign to Buyer its interest in such gas lease (subject to Buyer's assumption of Seller's unaccrued liabilities with respect to the interest assigned), upon payment by Buyer to Seller for Seller's interest in the salvage value of any casing and other equipment of Seller in any well or wells located on the lands covered thereby; provided, that Seller shall not be liable to Buyer if Seller, while acting in good faith, shall fail to maintain any leasehold right or shall fail to give notice to Buyer of its intention to surrender or permit the same to lapse.

3. Limitation to Legal Production:

The volumes of gas that Seller shall be obligated to deliver to Buyer under the terms of this contract shall be limited to volumes of gas which can be legally produced from the lands covered by this contract less the volumes of gas excepted and reserved as provided in this contract.

4. Exchange of Acreage:

It is understood that for the purpose of consolidating acreage subject to this contract Seller shall have the right to exchange any acreage subject to this contract for other acreage having no commitment in conflict with this contract and having underlying gas reserves and potential capacity to deliver gas at least equal to the underlying gas reserves and potential capacity to deliver gas of the acreage for which it is exchanged; PROVIDED HOWEVER, that no such exchange





shall be made which will prevent Seller from furnishing gas to Buyer in accordance with the other provisions of this contract or diminish the amount of the gas reserves available to Buyer under this contract immediately prior to such exchange. Before making any such exchange, Seller shall notify Buyer and, in the event the parties hereto shall be unable to agree concerning the volumes of the underlying gas reserves and the potential capacity to deliver gas of the acreage to be so exchanged, the determination of the volumes of such reserves and the potential capacity to deliver gas shall be made by an engineering firm to be selected by Seller from a list of three engineering firms to be designated by Buyer, who shall be firms of high standing in their profession and experienced in the computation of gas reserves, and the determination made by such engineering firm shall be binding upon both parties hereto. The fee of such engineering firm shall be borne by Seller. Upon such exchange, the gas Leases covering acreage covered by this contract and so exchanged shall be released from all provisions of this contract and the gas Leases covering the acreage substituted therefor shall become subject to all the provisions of this contract.

5. Substitution of Deliveries:

It is agreed that Seller shall have the right at any time and from time to time to substitute deliveries of Gas produced from lands not subject to this contract for deliveries of Gas hereunder, provided Seller shall deliver such substituted Gas into Buyer's facilities at its own cost and expense and such



substituted Gas shall meet the quality requirements of this contract, and the substituted Gas shall not contain less by-products than that which would otherwise have been delivered. If Seller so elects to make deliveries of Gas, during any period, from lands not subject to this agreement, Seller shall have the right to produce and dispose of (free from the obligations hereunder) an equal volume of Gas from the lands covered by this agreement. Prior to tender of any substitute Gas hereunder, Seller shall notify Buyer of the time, place and volumes to be substituted and designate the delivery point or points to which substituted volumes are to be applicable.

#### ARTICLE V

#### SALE AND PURCHASE OF GAS

##### 1. Maximum Day Volume Obligation:

Commencing on the 1st day of November, 1958, the maximum volume of Gas (dry pipeline gas available at the outlet of Buyer's gas scrubbing plant near Taylor, British Columbia) which Seller shall be required to deliver to Buyer herein in any one day during the term of this agreement (hereinafter called "maximum day obligation" in this section) shall be as follows:

<u>Period</u>	<u>Million Cubic Feet per Day</u>
For the period following the first delivery of gas to January 1, 1959	-
For the year 1959	30
For the year 1960 and each year thereafter	50



PROVIDED HOWEVER, that (a) if Buyer so elects, or (b) if prior to January 1, 1960, there shall be increased above 300 million cubic feet the daily quantity of gas delivered by Buyer to Pacific Northwest Pipeline Corporation under the provisions of the agreement between Buyer and the said Pacific Northwest Pipeline Corporation dated December 11, 1954, then and in either of such events, effective as of the date of such election or the date of such increase, as the case may be, the maximum day obligation for the year 1959 as set out above shall be increased from Thirty million cubic feet per day to Fifty million cubic feet per day.

PROVIDED FURTHER upon the request of Seller, and if (a) Buyer so elects, or (b) there shall be increased above Three Hundred million cubic feet the daily quantity of gas delivered by Buyer to Pacific Northwest Pipeline Corporation under the provisions of the agreement between Buyer and the said Pacific Northwest Pipeline Corporation dated December 11, 1954, then and in either of such events, effective as of the date of such election or the date of such increase, as the case may be, the maximum day obligation above provided for shall be further increased by an additional quantity of gas not in excess of Fifty million cubic feet, equal to One Thousand MCF per day for each Ten million MCF of recoverable reserves of gas in excess of Five Hundred billion cubic feet underlying lands covered by the leases described in Schedule "A" as established by an estimate prepared by Seller and approved by Buyer on or about





the effective date of such election or increase or on such other date as Buyer and Seller may agree upon. If Buyer and Seller shall disagree with respect to the quantity of recoverable reserves of gas underlying said lands, such disagreement shall be resolved in the manner as provided in Sub-paragraph (c) of paragraph (5) of Section 1 of Article IV of this Agreement. The immediately foregoing provisions providing for an additional increase not in excess of Fifty million cubic feet in the maximum day obligation shall be subject to the following provisions: At any time after January 1, 1960, if the increase is not then in effect, Seller may, if it so elects, notify Buyer in writing that Seller desires to terminate the foregoing provisions relating to said increase in the maximum day obligation. If within One Hundred and Eighty (180) days after the giving of such notice Buyer shall not cause such increase to become effective in accordance with the foregoing provisions of this agreement, such foregoing provisions relating to such additional increase not in excess of Fifty million cubic feet of gas per day in the maximum day obligation shall terminate and be of no further force or effect.

2. Make up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January first of each year, in the event the total volume of gas purchased by Buyer from Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed by law, be less than a volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of gas not so purchased



by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding calendar year and paid for at the price or prices applicable to the date or dates when such gas shall be delivered, and any such deficiency volume of gas not so accepted and purchased during such succeeding calendar year shall be paid for by Buyer at the end of such succeeding calendar year at the price provided in this contract applicable to the volume of gas delivered on the last day of the calendar year in which the deficiency occurred. Such deficiency volume of gas accepted and purchased by Buyer during any such succeeding calendar year to make up deficiencies in purchases during the preceding calendar year shall not be deemed to be a part of the annual volume of gas required to be accepted and purchased by Buyer hereunder during the succeeding calendar year, PROVIDED HOWEVER, that the Seller shall not be required to deliver gas at daily rates in excess of the maximum daily rate in effect as specified in Section 1 of this Article. No gas delivered during any such succeeding calendar year shall be deemed to be gas delivered to make up deficiencies in purchases during the preceding year until the Buyer has received the whole of the annual volume of gas required to be accepted and delivered to Buyer during such succeeding calendar year.

### 3. Contract Volumes:

Subject to the provisions of this contract, Seller agrees to sell and deliver and Buyer agrees to purchase and receive from Seller the maximum day volumes set forth in Section 1 of this Article V at a high load factor estimated at approximately



eighty percent (80%) and the Buyer shall purchase and receive from Seller or pay for an annual volume of gas equal to ninety percent (90%) of the total annual volume of gas purchased from British Columbia fields (exclusive of deficiency volumes purchased pursuant to Section 3 of this Article V) multiplied by the maximum day volume obligation set forth in Section 1 of this Article V and divided by the total maximum day volume obligation of all Sellers under contract to Buyer producing gas from British Columbia fields PROVIDED HOWEVER, that the annual volume of gas from the lands described in Schedule "A" which Buyer shall receive or pay for during any year shall not be less than 263 times the maximum day volume obligation in effect from time to time.

## ARTICLE VI

### PRICE

#### 1. Gas Price Schedule:

Buyer agrees to pay to Seller for all Gas delivered hereunder, and for volumes of Gas which Buyer may become obligated to pay for if not taken, prior to January 1, 1978, a price per Mcf equal to the sum of the following component parts:

- (a) A price per Mcf of the residue Gas from Buyer's Gas Scrubbing Plant located in the vicinity of Taylor, British Columbia, attributable to deliveries hereunder, as follows:



	<u>Cents per Mcf</u>
For the period following the first delivery of Gas to January 1, 1963	10¢
For the year 1963	10 1/4¢
For the year 1964	10 1/4¢
For the year 1965	10 1/2¢
For the year 1966	10 1/2¢
For the year 1967	10 3/4¢
For the year 1968	11¢
For the year 1969	11 1/4¢
For the year 1970	11 1/2¢
For the year 1971	11 3/4¢
For the year 1972	12¢
For the year 1973	12¢
For the year 1974	12 1/4¢
For the year 1975	12 1/2¢
For the year 1976	12 1/2¢
For the year 1977	12 1/2¢

provided that, for each month during the period after November 1st, 1958, and before November 1st, 1963, during which the maximum billing demand billed to its customers by Buyer is less than an average of 460,000 Mcf per day, the said price shall be reduced as follows:

	<u>Adjustment per Mcf - Cents</u>
Less than 460,000 but equal to or more than 425,000	1/2¢
Less than 425,000 but equal to or more than 400,000	3/4¢
Less than 400,000 but equal to or more than 375,000	1 3/4¢
Less than 375,000 but equal to or more than 350,000	2 3/4¢
Less than 350,000 but equal to or more than 325,000	3 1/4¢
Less than 325,000 but equal to or more than 300,000	3 3/4¢
Less than 300,000	4¢





(b) A price per Mcf of Gas delivered to Buyer from Seller's wells based on (i) its pentanes plus content, (ii) its LPG content, (iii) its sulfur content, and (iv) its content of any other material extracted and sold from Buyer's said Taylor, British Columbia, plant as provided in Section 2 of this Article VI; and Buyer hereby agrees to process the gas delivered hereunder in said plant so long as the liquid hydrocarbon content of the gas is not less than 0.25 GPM of pentanes plus, provided, that such price shall not be less than the price per Mcf set out in Section 1 (a) of this Article VI plus the value, in the field, of distillates that would be separated per Mcf in conventional wellhead separators. If at any time prior to November 1, 1963, Buyer's maximum billing demand billed to its customers by Buyer reaches an average of 460,000 Mcf per day in any month, Buyer shall notify Seller of such happening not later than sixty (60) days after the last day of the month in which such maximum billing demand is reached.

2. By-products Price Schedule:

The portion of the price per Mcf based on by-products shall be the total of the component prices per Mcf for pentanes plus, LPG, sulphur and other material extracted and sold, determined for each delivery point as follows:



- (a) The component price for pentanes plus per Mcf of Gas delivered obtained by multiplying the GPM of pentanes plus by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 2, and by the weighted average price for pentanes plus being received by Buyer, F.O.B. its Gas Processing Plant. The adjustment for actual monthly plant production hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of pentanes plus during the month and the denominator of which shall be the sum of the pentanes plus contained in the Gas delivered by all Sellers during the month.
- (b) The component price of LPG per Mcf of Gas delivered obtained by multiplying the GPM of LPG by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 2 and by the weighted average price for LPG being received by Buyer, F.O.B. its Gas Processing Plant. The adjustment for actual monthly plant production as hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of LPG during the month and the denominator of which shall be the sum of the LPG contained in the Gas delivered by all sellers during the month.



- (c) The component price for sulfur per Mcf of Gas delivered obtained by multiplying the LPM of sulfur by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 2, and by the weighted average price for sulfur being received by Buyer, F.O.B. its Gas Processing Plant. The adjustment for actual monthly plant production hereinbefore mentioned shall be a fraction the numerator of which shall be the actual net plant production of sulfur during the month and the denominator of which shall be the sum of the sulfur contained in the Gas delivered by all sellers during the month.
- (d) The component price for other materials extracted and sold per Mcf of gas delivered shall be determined in a manner comparable with the provisions of Subsections (a), (b) and (c) of this Section 2.
- (e) The applicable percentage to be employed in Subsections (a), (b), (c) and (d) of this Section 2 for the Gas delivered hereunder, at each delivery point shall be as follows:-

<u>GPM of Pentanes Plus in Gas</u>	<u>Applicable Percentage</u>
Less than 0.25	-0
Equal to 0.25 but less than 0.50	37%
Equal to 0.50 but less than 0.75	38 %
Equal to 0.75 but less than 1.00	39 %
Equal to or more than 1.00	40%

provided, however, notwithstanding anything hereinbefore set forth in this Article VI, the Buyer specifically reserves the right to renegotiate an equitable charge for processing raw Gas delivered at any delivery point which has a GPM of pentanes plus less than 0.25,





and failing agreement, to discontinue accepting raw Gas at such delivery point.

3. Price After 1977:

Prior to the 1st day of January, 1977, Seller and Buyer shall endeavour to determine by mutual agreement the price or prices to be paid for Gas delivered by Seller to Buyer after December 31, 1977. In the event Seller and Buyer are unable to mutually agree upon such price or prices, then Buyer shall continue to pay to Seller for all Gas delivered hereunder after the expiration of the year 1977, the price or prices computed in the same manner as hereinbefore provided for the year 1977 plus one cent (1¢) per Mcf for each five-year period commencing after December 31, 1977, subject, however, to the right of Seller, at any time after the expiration of the year 1977, to terminate this contract upon six (6) months' notice in writing.

4. Currency:

Except for Gas payments based upon by-product content, which shall be payable in Canadian currency without adjustment for difference in exchange rates, the following shall apply to payments to be made hereunder by Buyer to Seller:-

- (a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States currency as published at Twelve o'clock (12:00) noon Eastern Standard Time or Eastern Daylight Time, as the case may be, by the Bank of Montreal, the Royal Bank of Canada, and the Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City



of Montreal, Canada, is not more than One Hundred and Five United States Cents (105¢) or not less than Ninety-five United States Cents (95¢) for One Canadian Dollar (\$1.00) then the total quantity of Gas delivered by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.

(b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for the United States currency is:-

(i) In excess of One Hundred and Five United States Cents (105¢) and is not more than One Hundred and Ten United States Cents (110¢) for One Canadian Dollar (\$1.00); or

(ii) Less than Ninety-five United States Cents (95¢) but not less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00),

then the total quantity of Gas delivered by Seller to Buyer in each such month, subject to the provisions of Subsection (e) of this Section 4 shall be considered sold and purchased at the price in Canadian currency calculated as follows:

LET:  $P_c$  = price payable in Canadian currency during the month;  
 $C$  = the volume of Gas sold by Buyer out of the pipeline during such month to purchasers for use in Canada;



US = the volume of Gas sold by Buyer out of the pipeline during such month to purchasers for use in the United States;

P = price in the contract;

E = the average daily selling rate for Canadian currency in the United States currency during such month determined in accordance with the provisions of paragraph (a) above;

THEN: In the case of (i):

$$P_c = \frac{(C \times P)}{(C + US)} + \frac{\left( \frac{US}{C + US} \times P \times \frac{105}{E} \right)}$$

In the case of (ii):

$$P_c = \left( \frac{C}{C + US} \times P \right) + \frac{\left( \frac{US}{C + US} \times P \times \frac{95}{E} \right)}$$

(c) In the event that such average selling rate for Canadian currency in the United States currency exceeds One Hundred and Ten United States Cents (110¢) or is less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00) for nonconsecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for Gas delivered hereunder during such periods of time shall be adjusted in accordance with the formula set forth in Sub-section (b) of this Section 4.

(d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten United States Cents (110¢) or is less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00) for at least three (3) consecutive monthly periods, then the price payable by Buyer to Seller as herein provided



for such monthly periods and as long thereafter as such currency selling rates prevail shall be renegotiated between Buyer and Seller, provided, however, that pending completion of such renegotiation, the price payable by Buyer to Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive to the monthly periods during which the daily average selling rate for Canadian currency exceeded One Hundred and Ten United States Cents (110¢) or was less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00) and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price within six (6) months then Seller may, upon three (3) months' written notice to Buyer, terminate this contract.

(e) In no event shall the value of "Pc" as calculated under the provisions of Subsections (b), (c) and (d) (for the period pending negotiation as provided therein) of this Section 4 exceed or be less than the value of "P", as the case may be, by more than One Cent (1¢) per Mcf of Gas delivered hereunder.

5. Adjustment Upon Alteration of Buyer's Resale Price:

If Buyer shall voluntarily grant, either directly or indirectly, a reduction in the price at which Pacific Northwest has contracted to purchase





additional volumes of Gas for delivery near Sumas, Washington, such reduction shall operate to automatically increase the price to be paid hereunder as above provided by an equal amount per Mcf, effective at the same time as the reduction to Pacific Northwest becomes effective. In the event Pacific Northwest shall grant Buyer any increase in said resale price, Buyer will at the request of Seller, having regard to the circumstances under which Buyer obtains any such increase, pass on to Seller hereunder an increase equal to 50% of the amount of such increase per Mcf, to be effective at the same time as the increase granted to Buyer.

6. Price Accuracy:

All calculations with respect to the price of Gas shall be carried to the nearest one-hundredth of a cent.

ARTICLE VII

ROYALTIES AND TAXES

1. Royalties:

Seller shall be responsible for and shall pay all royalties, levies, assessments, or charges of a like nature payable to any Dominion, Provincial, Municipal or other authority of any other person on or in respect of the Gas delivered hereunder and the by-products manufactured and sold therefrom.

2. Taxes:

Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon



or in respect of the Gas delivered hereunder up to the point of delivery of the Gas to Buyer. All increases in such present gross production taxes, severance taxes and excise taxes upon or in respect of the total volume of gas delivered hereunder or the production, gathering, transportation or handling thereof up to the point of delivery of the Gas to Buyer and all increases in any tax on the pipelines in Seller's gathering system required to be paid by Seller, shall be borne three-quarters (3/4) by the Buyer and one-quarter (1/4) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.

## ARTICLE VIII

### DELIVERY POINTS AND PRESSURE

#### 1. Delivery Points:

The Point of delivery for all Gas delivered hereunder shall be at the outlet of the meter stations to be installed and operated by the Seller, as follows:

- (i) In the vicinity of Halfway Wells Numbers 1 and 3
- (ii) In the vicinity of West Blueberry Well Number 9
- (iii) In the vicinity of Blueberry Well Number 11
- (iv) In the vicinity of Blueberry Wells Numbers 2 and 10
- (v) In the vicinity of Blueberry Wells Numbers 1 and 5
- (vi) In the vicinity of the middle of the Blueberry Structure in Permit 143
- (vii) At such other points as shall be mutually agreed upon from time to time



2. Delivery Pressure:

Seller shall not be required to install compression equipment to effect deliveries hereunder when, in its sole judgment, it would be uneconomical to do so, but to the extent the natural pressure of the wells will permit all Gas sold and purchased hereunder shall be delivered together with any associated components in the dehydrated well stream deliverable hereunder, at the delivery point in each of the said fields at pressures not in excess of One Thousand (1,000) pounds per square inch gauge and during the first Four (4) years, not less than Eight Hundred (800) pounds per square inch gauge, nor at pressures less than Five Hundred (500) pounds per square inch gauge during the second Four (4) years of deliveries hereunder. Thereafter Buyer will accept deliveries at the said delivery points at less than Five Hundred (500) pounds per square inch gauge but not less than One Hundred (100) pounds per square inch gauge. In the event Gas is delivered at less than Two Hundred and Fifty (250) pounds per square inch gauge Buyer shall deduct by way of allowance for compression costs, the sum of Three-quarter cents ( $3/4\text{¢}$ ) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, for such Gas so compressed. In the event Gas from any field can be made available for delivery at pressures less than One Hundred (100) pounds per square inch gauge, Seller and Buyer will consult together for the purpose of determining the terms and conditions upon which Buyer will accept delivery of such Gas and any associated components in the dehydrated well stream deliverable hereunder, taking into consideration the cost of compression to make then available to the pipeline. In the event the parties hereto reach no agreement in a reasonable period, Seller may terminate this contract in so far as





such low pressure Gas is concerned by giving Buyer Thirty (30) days' written notice.

ARTICLE IX

QUALITY

1. Specifications:

The gas delivered hereunder shall be natural gas and shall conform to the specifications set forth in subsections (a) to (c) inclusive of this Section 1.

(a) Oxygen:

The Gas shall not at any time have an oxygen content in excess of One Per Cent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

(b) Liquids:

The Gas shall be free of water in liquid form. The Gas shall not contain water vapour in excess of Four (4) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate the Gas to a dewpoint less than Ten Degrees Fahrenheit (10° F.), PROVIDED HOWEVER, that the Buyer may at Buyer's sole discretion accept gas containing greater water vapour content for such period or periods as Buyer may prescribe from time to time.



(c) Heating Value:

The Gas shall have a total heating value per cubic foot of not less than Nine Hundred and Fifty (950) nor more than Eleven Hundred and Seventy-five (1,175) British Thermal Units, PROVIDED HOWEVER, that the Buyer may, at the Buyer's sole discretion, accept gas with a higher or lower heating value for such period or periods as the Buyer may prescribe from time to time.

ARTICLE X

MEASUREMENT

1. Unit of Volume:

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be one (1) cubic foot at an absolute pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch at a temperature of sixty degrees Fahrenheit (60° F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948.



If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted Report.

### 3. Deviation from Boyle's Law:

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of gas delivered hereunder during the six (6) calendar months next following the taking of the sample from which such determination is made.

### 4. Specific Gravity:

The specific gravity of the gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A at the beginning of delivery and thereafter as frequently as is found expedient in practice at the respective points where the gas is metered hereunder, and the results of the determination at each such point shall be used in computing the volumes of gas metered at such point.



5. Flowing Temperature:

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.

6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be thirteen and four-tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.

ARTICLE XI

MEASURING EQUIPMENT

1. Seller's Measuring Stations:

Seller shall install, maintain and operate at its own expense equipment required for the measurement of the volumes and temperatures, and shall provide for the determination of heating values, of all gas delivered hereunder at the points of delivery. Buyer shall have access to the measuring





equipment of Seller at all reasonable hours, but the calibrating and adjusting of the measuring equipment, and the changing of charts, shall be done only by Seller.

2. Buyer's Residue Gas Measuring Station:

Buyer shall install, maintain and operate at its own expense equipment required for the measurement of the volumes and temperatures of all residue gas produced from Buyer's Gas Scrubbing Plant located in the vicinity of Taylor, British Columbia. Seller shall have access to the measuring equipment of Buyer at all reasonable hours, but the calibrating and adjusting of the measuring equipment, and the changing of charts, shall be done only by Buyer.

3. Check Measuring Equipment:

Buyer or Seller, as the case may be, may install, maintain and operate at its own expense check measuring equipment as desired, providing that such equipment shall be so installed as to not interfere with the operation of the other's measuring equipment.

4. Right to be Present:

Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating or adjusting done in connection with the measuring equipment used in measuring gas or residue gas hereunder and shall be given reasonable notice thereof in order that each may be present.



5. Calibration and Test of Meters:

The accuracy of the measuring equipment shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering correctly, the cost of such verification shall be charged to and borne by the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than two percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment shall be adjusted at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding two percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of fifteen (15) days.

6. Correction of Metering Errors:

In the event any measuring equipment is out of service or out of repair so that the quantity of gas passing through the same is not correctly indicated by the reading thereof, the gas passing through such equipment during the period the same is out of service or out of repair shall be estimated and



agreed upon on the basis of the best data available, using the first of the following methods which is feasible:

- (a) By using the registration of any check measuring equipment installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculations;  
or
- (c) By estimating the quantity of deliveries by deliveries during preceding periods under similar conditions when the meter was registering accurately.

7. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least one (1) year all test data, charts and other records of gas measurements. Either party desiring to preserve any records for a longer period may require the other party to deliver over to it such records, which shall then be retained at the expense of such party desiring the same.

ARTICLE XII

STATEMENTS AND PAYMENTS

1. Production Statement:

Seller or its nominee shall render to Buyer on or before the tenth (10th) day of each calendar month, a statement of all Gas delivered to Buyer hereunder from each delivery point during the preceding calendar month.





2. Accounting by Buyer:

Buyer shall, on or before the twentieth (20th) day of each calendar month, furnish Seller with a statement showing the monies due Seller hereunder for the preceding month. The statement shall include an allocation to each delivery point of residue Gas, pentanes plus, LPG sulphur, and any other material extracted and saved, and the payment payable therefor according to the procedure set forth in Sections 3 and 4 of this Article XII. Statements rendered in January of each year shall include a statement of monies due, if any, by reason of Buyer's failure to take the full amount of deficiency volumes required to be made up, if at all, during the preceding year, showing the deficiency volumes not taken and how the price or prices applicable to such deficiency volumes were determined.

3. Analyses:

Buyer shall, in the presence of representative of Seller, from time to time and as frequently as is found expedient in practice, but not more often than once a year, conduct such tests and measurements and determine and agree with the Buyer upon the average analysis of Gas delivered at each delivery point.

The tests and measurements shall be carried out in a manner mutually acceptable to Seller and Buyer; the analyses shall be made by Buyer by the low temperature fractional distillation method, or some other improved method acceptable to both Seller and Buyer, and such measurements, tests and analyses shall determine the Gas volume percentage composition of the Gas from which the following factors shall be computed:



- (a) The GPM of LPG;
- (b) The GPM of pentanes plus;
- (c) The LPM of sulfur;
- (d) The content of any other material being extracted and saved.

4. Allocation of Residue Gas:

The allocation of residue Gas from Buyer's Gas Processing Plant at Taylor, British Columbia, shall be made to each delivery point delivering Gas to said plant in the proportion that the Gas delivered during such month from each such delivery point bears to the total Gas delivered to said plant in such month from leases north of the Peace River.

5. Payment:

Full payment for all Gas delivered to Buyer hereunder during each calendar month shall be made by Buyer to Seller on or before the twenty-fifth (25th) day of the following month. All payments accruing to the Seller hereunder shall be made to the parties Seller hereunder in proportion to their respective undivided interest in the Gas sold. Seller may, from time to time, designate another person, firm or corporation to accept payments hereunder, such designation to be made in writing, and from and after receipt by Buyer of such new designation Buyer shall thereafter make such payments to such person, firm or corporation.



### ARTICLE XIII

#### ESTIMATES OF REQUIREMENTS

1. In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimated requirements of gas during each of the following six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

### ARTICLE XIV

#### POSSESSION OF GAS

##### 1. Point of Delivery Controls:

As between the parties to this Agreement, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

##### 2. Responsibility:

Buyer shall have no responsibility with respect to any gas deliverable under this Agreement until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery, and Seller shall have no responsibility with respect to such gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery.



ARTICLE XV

WARRANTY AND TITLE OF GAS

1. The Seller warrants generally the title to all gas delivered to the Buyer hereunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.

ARTICLE XVI

FORCE MAJEURE

1. No failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary failure of gas supply because of freezing of wells or delivery facilities or hydrate obstructions of lines of pipe, inability to obtain pipe, materials or equipment, the binding order of any Court or Governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; PROVIDED that no cause or contingency shall relieve Buyer of its obligation to make payments due hereunder; PROVIDED FURTHER that any such cause or contingency shall, insofar as may reasonably be possible, be remedied or removed with due diligence and despatch.





ARTICLE XVII

MISCELLANEOUS

1. Non-Waiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.

2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:

SELLER: J.B. White  
408 First National Bank Building  
Dallas 2, Texas

A.M. Lloyd  
1610 First National Bank Building  
Dallas 2, Texas

Gulf States Oil Company of Canada  
1006 Main Street  
Houston 2, Texas

Fargo Oils Ltd.  
Republic Bank Building  
Dallas 2, Texas

BUYER: Westcoast Transmission Company Limited  
Pacific Building  
Calgary, Alberta



or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail. Any notice properly given to both J. B. White and A. M. Lloyd shall be conclusively deemed and considered to have also been properly given to Nelson and Edward Morris, Ltd., Lester Armour, Philip D. Armour, E.F. McDonald, Jr., E. W. Kneip Fund, and Guy S. Means.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to certify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract .

4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.



6. Provincial Laws:

This Agreement shall be construed in accordance with the laws of the Province of British Columbia.

7. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify.

8. Assignment:

Neither party hereto shall assign this contract or any of its rights or obligations hereunder without the consent in writing of the other party; provided, that any party Seller may, without such consent, assign all or any part of his or its interest in the properties described in Schedule "A" hereto, in which case the assignment shall include such party Seller's interest under this contract to the extent that this contract covers the property so assigned, and such assignment shall expressly state that the interest being so assigned will continue subject to this contract. Further, Buyer may, without such consent, assign this contract and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system





of Buyer, including Buyer's plant in which the Gas delivered hereunder may be processed. The provisions of this Section 8 shall not be construed to prohibit any party, without the consent of any other party, from mortgaging or pledging this contract or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

ARTICLE XVIII

FAVORED NATIONS

In the event Buyer shall enter into any contract for the purchase of Gas with any producer or producers of Gas, and actually take delivery of and pay for gas delivered into the pipeline North of 54 degrees North latitude in the Province of British Columbia during the term of this contract upon terms more favorable to such producer or producers than the terms hereof, Seller shall have the right upon notice in writing to Buyer to have this contract modified so as to make applicable to the sale and purchase of gas hereunder such more favorable terms as are contained in the said contract or contracts with said producer or producers. Buyer shall forthwith upon execution and delivery of any such contract serve upon Seller a true copy of the same.

IN WITNESS WHEREOF the parties hereto have hereunto caused their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.



SIGNED, SEALED and DELIVERED )

\_\_\_\_\_  
J.B. WHITE

\_\_\_\_\_  
A.M. LLOYD

MORRIS AND BURK, LTD.

\_\_\_\_\_  
LESTER ARMOUR

\_\_\_\_\_  
PHILIP D. ARMOUR

E. W. KNEIP FUND

\_\_\_\_\_  
GUY S. MEANS

GULF STATES OIL COMPANY OF CANADA

\_\_\_\_\_  
FARGO OILS, LTD.

\_\_\_\_\_  
WESTCOAST TRANSMISSION COMPANY LIMITED



SCHEDULE "A" TO THE GAS PURCHASE AGREEMENT MADE BETWEEN

J.B. WHITE, A.M. LLOYD, MORRIS AND BURK, LTD., of Dallas, Texas,  
LESTER ARMOUR, PHILIP D. ARMOUR, E.W. KNEIP FUND, of Chicago,  
Illinois, GUY S. MEANS, of Fort Wayne, Indiana, GULF STATES OIL  
COMPANY OF CANADA, a body corporate with an office at Houston, Texas,  
and FARGO OILS, LTD., a body corporate with an office at Calgary,  
Alberta,

"SELLER" of the First Part,

-and-

WESTCOAST TRANSMISSION COMPANY LIMITED, a body corporate in-  
corporated by Act of Parliament of Canada, with head office at the City  
of Calgary, in the Province of Alberta,

"BUYER" of the Second Part.

dated the 12th day of April, A. D. 1955.

All of the land covered by British Columbia Prospecting Permits Numbers 64,  
125 and 143, issued by the Province of British Columbia, Dominion of Canada,  
and all of the land covered by Permit 13B, issued by the Government of  
Canada, covering certain lands in Halfway Indian Reserve No. 168, Province  
of British Columbia, Dominion of Canada.









Abstract of Amendments to Gas Purchase Contract dated April 12, 1955  
between J.B. White, A.M. Lloyd, et al, and Westcoast Transmission  
Company Limited.

(Blueberry Field - B.C.)

Amending Letter - December 23, 1955

1. Paragraph I of Article V is amended by deleting the words "Seller's interest in" as they apply to the maximum day volume obligation of Seller.
2. The first paragraph of Schedule "A" is amended by correcting the description of Permit 13 B to state that it was issued by the Government of Canada.

Amendment - August 1, 1957

1. The letter agreement dated April 12, 1955 between Buyer and Seller is cancelled.
2. Section I of Article I is amended to state that Buyer has agreed to sell to Pacific Northwest Pipeline Corporation 300,000 Mcf of gas per day, and that Pacific Northwest has the right to increase the contract demand by an additional 100,000 Mcf per day when Buyer has contracted proven reserves capable of supplying the increased volume.
3. Section 2 of Article I is amended by deleting Seller's representation that it is willing to make available to Buyer's pipeline its gas produced from the lands described in Schedule "A". Seller represents that it owns or controls natural gas rights in the leases described in the schedule, that it has full power to dispose of the gas, and that it is now engaged in a drilling program for further development of the lands.
4. Section 3 of Article I is amended by deleting the contingencies mentioned and substituting wording stating that Buyer will proceed with diligence with the construction of its pipeline facilities and gas scrubbing plant.
5. Article II is amended by changing the term of the agreement from 20 years following first delivery of gas to Pacific Northwest to the term of the leases described in the schedule and subject to the renewal of the leases, provided the production this gas remains profitable to Seller and/or Buyer.
6. Section 3 of Article III is amended to clarify the definition of the term "year".
7. Article III is amended by adding definitions of additional terms.



8. Article V headed "Availability of Gas" is amended to be marked IV.

Section I of Article IV is amended to change the wording of the first paragraph, "Gas Reserves under Contract". The right of Seller to retain and dispose of hydrocarbons is limited by restricting Seller's processing of the gas to mechanical separation of gas having more than 0.5 GPM of pentanes plus where the separation does not reduce the liquid content below 0.5 GPM. The yearly reduction in Seller's reserves is changed from 4% to 3.65%. Provision is made for the deletion of Seller's interest in a portion of the lands described in the schedule in the event that the reserves exceed one trillion cubic feet or exceed 10,000 times the maximum day volume as finally determined.

9. Section 2 of Article IV is amended to provide that Seller is not required to retain lands which appear to be non-productive or cannot be operated at a profit. Before releasing any lease, Seller is to notify Buyer and if demanded by Buyer, assign its interest in the lease to Buyer.

10. Article IV is amended by the addition of Section 5 which provides that Seller may substitute deliveries from lands not subject to this agreement, subject to certain quality requirements and prior notification of Buyer.

11. Section I of Article V is amended to change the maximum day volume obligation of Seller. Seller is required to deliver 30 MMcf/day for the year 1959 instead of the year 1958. For each year beginning in 1960 Seller is required to deliver 50 MMcf/day. If Buyer elects or if the deliveries to Pacific Northwest increase above 300 MMcf/day prior to Jan. 1, 1960, the maximum day obligation will be increased from 30 MMcf to 50 MMcf/day. Upon the request of Seller, if Buyer elects or if the deliveries to Pacific Northwest increase above 300 MMcf/day, the maximum day obligation will be increased by an additional quantity of gas not exceeding 50 MMcf/day based on recoverable reserves. This latter provision of additional volumes may be terminated under certain specified circumstances.

12. Article VI is amended to provide for payment for gas delivered based on the residue gas from Buyer's gas scrubbing plant and byproducts extracted and sold. It is provided that the price will be reduced, prior to November 1, 1963, if the maximum billing demand of Buyer is less than 460,000 Mcf per day. Determination of price after 1977 is provided for. Gas payment based upon by-product content will be payable in Canadian currency without adjustment. Payment based on residue gas is to be adjusted as defined for the difference in the rate of exchange between United States and Canadian currency. Provision is made for an adjustment in the price paid to Seller in the event of alteration of Buyer's resale price to Pacific Northwest.

13. Article VII is amended to provide that Seller shall pay all royalties or charges of a similar nature with respect to gas delivered under the agreement and the by-products manufactured and sold therefrom. It is also provided that any increase in gross production taxes, severance taxes and excise taxes in respect to gas delivered up to the point of delivery to Buyer, and increases in any tax



on pipelines in Seller's gathering system will be borne 3/4 by Buyer and 1/4 by Seller.

14. Sections 1 and 2 of Article VIII are amended to provide for six delivery points in the vicinity of Seller's wells and at other points as mutually agreed upon. Delivery pressures are defined providing for pressures not exceeding 1,000 psig nor less than 800 psig for the first four years, with provision for reduced pressures in succeeding periods.

15. Article IX is amended to change the specifications of the gas to be delivered to provide for the delivery of raw gas.

16. Article XI is amended by adding a provision that the Buyer install, maintain and operate equipment required to measure volumes and temperatures of residue gas produced from the scrubbing plant.

17. Article XII is amended to provide that Seller will render a statement to Buyer, on or before the 10th day of each month, for all gas delivered from each delivery point during the preceding month. Buyer will furnish Seller, on or before the 20th day of each month, with a statement showing the monies due Seller including an allocation to each delivery point of residue gas, pentanes plus, LPG and sulphur. It is provided that tests shall be conducted to determine the average analysis of the gas delivered at each delivery point.

18. Article XVII is amended by the addition of Section 8 providing that neither party may assign the contract without the consent in writing of the other party, subject to certain exceptions as stated.

19. Article XVIII is amended by deleting the definition of the Peace River Area and substituting the definition "gas delivered into the pipeline North of 54 Degrees North Latitude in the Province of British Columbia."









THIS CONTRACT HAS BEEN MORTGAGED AND  
PLEGGED UNDER THE TERMS OF THE  
OF TRUST AND MORTGAGE MADE BY  
WESTCOAST TRANSMISSION COMPANY LIMITED  
AND MONTREAL TRUST COMPANY, TRUSTEE  
DATED AS OF JUNE 1, 1956.

DATED THE 31<sup>st</sup> DAY OF AUGUST, A. D. 1955

---

BETWEEN:

GULF STATES OIL COMPANY OF CANADA, a body corp-  
orate with an office at Houston, Texas, and EL  
PASO NATURAL GAS COMPANY, a body corporate with  
an office at El Paso, Texas,

The "Seller" of the First Part,

- and -

WESTCOAST TRANSMISSION COMPANY LIMITED, a body  
corporate incorporated by Act of Parliament of  
Canada, with head office at the City of Calgary,  
in the Province of Alberta,

The "Buyer" of the Second Part.

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GAS PURCHASE AGREEMENT

RE: GUNDY CREEK FIELD  
BRITISH COLUMBIA

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THIS AGREEMENT made this 31<sup>st</sup> day of August, A. D. 1955,

BETWEEN:

GULF STATES OIL COMPANY OF CANADA, a body corporate with an office at Houston, Texas, and EL PASO NATURAL GAS COMPANY, a body corporate with an office at El Paso, Texas,

(hereinafter collectively called the "Seller")

OF THE FIRST PART,

- and -

WESTCOAST TRANSMISSION COMPANY LIMITED, a body corporate incorporated by Act of Parliament of Canada, with head office at the City of Calgary, in the Province of Alberta,

(hereinafter called the "Buyer")

OF THE SECOND PART,

WITNESSETH that in consideration of the mutual covenants hereinafter set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the parties hereto as follows:

#### ARTICLE I

#### REPRESENTATIONS

##### 1. Buyer's Representations:

The Buyer represents that it proposes to construct and operate a natural gas transmission line, (hereinafter referred to as "the pipeline"), from gas fields in Northern Alberta and Northern



British Columbia to a point on the International Boundary between the Province of British Columbia and the State of Washington near Sumas, Washington, and serve customers in British Columbia en route. The Buyer will sell gas at a connection in the vicinity of Sumas to a pipeline system to be constructed by its United States customer.

The Buyer proposes to purchase gas from the Seller for transmission through the pipeline for delivery to the customers of the Buyer.

2. Seller's Representations:

The Seller represents that it owns or controls the natural gas rights in and under the lands described in Schedule "A" hereto attached and by reference made a part hereof.

The Seller further represents that the Seller is willing, subject to the provisions of this contract, except as to gas reserved to the Seller as herein provided, to make available to the pipeline to be constructed by Buyer its gas produced from the said lands.

3. Buyer's Performance with Diligence:

The Buyer agrees to proceed with diligence with its endeavours to procure all governmental authorities, permits and rights necessary for the construction and operation of its pipeline, and upon procuring the same to proceed with diligence with the construction of its said pipeline facilities. HOWEVER, upon the happening





of any one of the following contingencies, to-wit:

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the first day of December, A. D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States, containing terms and conditions satisfactory to such customer or customers;
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the first day of April, A. D. 1956;

the Seller shall have the right to terminate this contract by written notice to be delivered to Buyer at any time after happening of any such contingency.

4. Seller's Performance with Diligence:

Seller agrees that it will be ready to deliver gas under this contract whenever the pipeline facilities of the Buyer are ready to receive the same. HOWEVER, upon the happening of any of the following contingencies, to-wit:

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the first day of December, A. D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States, containing terms and conditions satisfactory to such customer or customers;



- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the first day of April, A. D. 1956;
- (c) The failure of the Seller to complete its facilities to deliver gas hereunder to the Buyer not later than the day upon which Buyer shall have completed the pipeline facilities required to take deliveries of gas;

the Buyer shall have the right to terminate this contract by written notice to be delivered to Seller at any time after the happening of any such contingency.

5. Non-Waiver of Remedies:

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described in Sections 3 and 4 of this Article I shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.

ARTICLE II

TERM

1. This agreement shall remain in force and effect from the date hereof for the term of twenty (20) years from January first following the date of first delivery of gas under that certain contract dated December 11, 1954, between Buyer, as Seller therein, and Pacific Northwest Pipeline Corporation, as Buyer therein.



### ARTICLE III

#### DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this agreement shall have the following meanings:

1. The term "day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A.M., Pacific Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A.M. on the first day of the calendar month and ending at Eight (8:00) A.M. on the first day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning January first and ending December thirty-first.
4. The term "cubic foot" shall mean the volume of gas which occupies one (1) cubic foot when such gas is at a temperature of sixty degrees Fahrenheit (60° F.), and at a pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch absolute.
5. The term "Mcf" shall mean one thousand (1000) cubic feet of gas.





6. The term "British Thermal Unit" shall mean the amount of Heat required to raise the temperature of one (1) pound of water one degree Fahrenheit ( $1^{\circ}$  F.) at sixty degrees Fahrenheit ( $60^{\circ}$  F.).
7. The term "total heating value", when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of one (1) cubic foot at a temperature of sixty degrees Fahrenheit ( $60^{\circ}$  F.) if saturated with water vapour, and under a pressure equal to that of thirty (30) inches of mercury at thirty-two degrees Fahrenheit ( $32^{\circ}$  F.) and under standard gravitation force (acceleration nine hundred and eighty and six hundred and sixty-five thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.





8. The term "Buyer" shall mean Westcoast Transmission Company Limited.
9. The term "Seller" shall mean Gulf States Oil Company of Canada and El Paso Natural Gas Company, or their assignee or assignees.
10. The term "Lease" shall mean and include any document by virtue of which the Seller is entitled to own, drill for and produce and sell gas from the lands described in the Schedule "A" hereto attached.
11. The term "natural gas" means natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
12. The term "billing demand" means the total of the contract demand under the terms of the contract made between Westcoast Transmission Company Limited and Pacific Northwest Pipeline Corporation dated December 11, 1954, and the maximum quantity of gas delivered by Westcoast Transmission Company Limited to its customers in



British Columbia on any one day during the twelve months ending with the billing month, exclusive, however, of gas delivered by Westcoast Transmission Company Limited to its customers both in Canada and the United States on an interruptible basis, that is to say, subject to curtailment or interruption upon notice by Westcoast Transmission Company Limited whenever and to the extent that in the sole judgment of Westcoast Transmission Company Limited such curtailment or interruption is necessary.

#### ARTICLE IV

##### AVAILABILITY OF GAS

1. Gas Reserves under Contract:

Subject to the possibility of termination of this contract as herein provided and the other provisions hereof, Seller hereby agrees to maintain its interest in the said Leases in full force and effect and apply for renewals thereof from time to time, but shall have no liability for failure so to do so long as it has acted in good faith, and to sell and deliver to Buyer the volumes of gas to be sold and purchased in accordance with the terms hereof, produced and saved from the lands covered by the Leases as shown



on Schedule "A", excepting and reserving, however, the following rights:

- (1) The right to use such gas produced from any one or more of said Leases, at the Seller's option, as Seller may need or require the same for development of Seller's Leases as shown in Schedule "A", including, but not limited to, the use of gas for fuel, drilling, development and operating said properties, for the production of oil, gas or other minerals.
- (2) The right to use such gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for the Seller or for effecting delivery of the gas to the Buyer, it being recognized by the Buyer that gas so used by the Seller, and gas lost through process shrinkage or gathering operations, is reserved to Seller.
- (3) The right to process or to have processed for it such gas for the removal of hydrocarbon substances therefrom; provided, however, that when such gas is processed downstream from the delivery point provided for in this contract payment for such gas shall be made upon the basis of the quantities of such gas actually delivered to Buyer after processing.
- (4) The right, as between Buyer and Seller, to retain and dispose of (free from any and all claims by Buyer) any and all hydrocarbon substances recovered by or for the Seller from the gas prior to delivery to the Buyer.
- (5) The right to operate the Leases covered by this agreement free from any and all control by the Buyer, in such manner as the Seller, in its sole discretion, deems advisable, including, without limitation, the right to drill new wells, and to repair or rework old wells. Anything contained in this agreement to the contrary notwithstanding, Seller shall never be obligated to drill or rework any well which, in the exercise of its uncontrolled will, it determines that it should not drill or rework.





- (6) The right from time to time to sell and dispose of volumes of surplus gas which Buyer is not purchasing and which Seller, in its sole judgment and in good faith, considers prudent to establish as a reasonable rate of production of gas from the lands described in Schedule "A". Subject to the above, Seller agrees not to sell surplus gas in quantities which would deplete Seller's reserves to the extent that such reserves equal less than 10,000,000 Mcf for each 1,000 Mcf of the then daily maximum contract quantity of gas which Seller is obligated to deliver hereunder to Buyer, said 10,000,000 Mcf being reduced by four percent (4%) each calendar year of the duration of this contract.

2. Segregation of Dedicated Reserves:

In order to facilitate the delivery of gas hereunder from gas reserves dedicated hereto, Buyer and Seller agree that at the written request of either party a portion of the lands described in Schedule "A" which are underlaid by gas reserves dedicated to this Contract, after giving effect to Paragraph 6 of Section 1 of this Article IV hereof, shall be designated by written supplement to this agreement and the remainder of the lands described in Schedule "A" shall be released from dedication under this agreement in order that a physical segregation may be made of the reserves which are subject to this agreement and of the reserves from which surplus gas sales may be made.

Such segregation shall be accomplished upon the basis of reserve determinations agreed to by Buyer and Seller, or, in the absence of such agreement, by an engineering firm selected in the manner provided in Section 4 of this Article IV. The



determination made by such engineering firm shall be binding upon Buyer and Seller.

3. Limitation to Legal Production:

The volumes of gas that Seller shall be obligated to deliver to Buyer under the terms of this contract shall be limited to volumes of gas which can be legally produced from the lands covered by this contract less the volumes of gas excepted and reserved as provided in this contract.

4. Exchange of Acreage:

It is understood that for the purpose of consolidating acreage subject to this contract Seller shall have the right to exchange any acreage subject to this contract for other acreage having no commitment in conflict with this contract and having underlying gas reserves and potential capacity to deliver gas at least equal to the underlying gas reserves and potential capacity to deliver gas of the acreage for which it is exchanged; PROVIDED HOWEVER, that no such exchange shall be made which will prevent Seller from furnishing gas to Buyer in accordance with the other provisions of this contract or diminish the amount of the gas reserves available to Buyer under this contract immediately prior to such exchange. Before making any such exchange, Seller shall notify Buyer and, in the event the parties hereto shall be unable to agree concerning the volumes of the underlying gas reserves and the potential capacity to deliver gas of the acreage to be so exchanged, the



determination of the volumes of such reserves and the potential capacity to deliver gas shall be made by an engineering firm to be selected by Seller from a list of three engineering firms to be designated by Buyer, who shall be firms of high standing in their profession and experienced in the computation of gas reserves, and the determination made by such engineering firm shall be binding upon both parties hereto. The fee of such engineering firm shall be borne by Seller. Upon such exchange, the gas Leases covering acreage covered by this contract and so exchanged shall be released from all provisions of this contract and the gas Leases covering the acreage substituted therefor shall become subject to all the provisions of this contract.

#### ARTICLE V

#### SALE AND PURCHASE OF GAS

1. Maximum Day Volume Obligation:

The maximum volume of gas that Seller shall be required to sell and deliver to Buyer hereunder in any one day shall be Seller's interest in the following volumes:

<u>Period</u>	<u>Million Cubic Feet Per Day</u>
For the period following the first delivery of gas to the following January 1, 1958:	-
For the following calendar year:	5
For the following calendar year, and for each calendar year thereafter:	5





In the event that the Seller is unable for a period of fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum day volumes specified in Section 1 of this Article V, when the Buyer is ready and able to accept the same, the Buyer shall have the right, in addition to any other right which Buyer may have under the terms of this agreement, to reduce the volumes specified in Section 1 of this Article V; PROVIDED HOWEVER, upon the Seller remedying or partially remedying the deficiency within the following calendar year, the applicable and maximum volume specified in Section 1 of this Article V shall be reinstated, or partially reinstated, as the case may be.

In the event the United States customer of Buyer is not authorized to import the volumes specified in Subsections (a), (b) and (c) of Section 1 of Article IV of the contract between the said customer and the Buyer dated December 11, 1954, then the Buyer shall have the right for the period customer is not authorized as aforesaid to reduce the maximum volumes set out in Section 1 of this Article V in the proportion that the volumes authorized to be imported bear to the said volumes specified in the said contract. Due consideration shall be given to the Canadian markets of Buyer in determining the said proportionate reduction.

2. Make up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January first of each year, in the event the total volume of gas purchased by Buyer from





Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed by law, be less than a volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of gas not so purchased by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding calendar year and paid for at the price or prices applicable to the date or dates when such gas shall be delivered, and any such deficiency volume of gas not so accepted and purchased during such succeeding calendar year shall be paid for by Buyer at the end of such succeeding calendar year at the price provided in this contract applicable to the volume of gas delivered on the last day of the calendar year in which the deficiency occurred. Such deficiency volume of gas accepted and purchased by Buyer during any such succeeding calendar year to make up deficiencies in purchases during the preceding calendar year shall not be deemed to be a part of the annual volume of gas required to be accepted and purchased by Buyer hereunder during the succeeding calendar year, PROVIDED HOWEVER, that the Seller shall not be required to deliver gas at daily rates in excess of the maximum daily rate in effect as specified in Section 1 of this Article. No gas delivered during any such succeeding calendar year shall be deemed to be gas delivered to make up deficiencies in purchases during the preceding year until the Buyer has received the whole of the annual volume of gas required



to be accepted and delivered to Buyer during such succeeding calendar year.

3. Contract Volumes:

Subject to the provisions of this contract, Seller agrees to sell and deliver and Buyer agrees to purchase and receive from Seller the maximum day volumes set forth in Section 1 of this Article V at a high load factor estimated at approximately eighty percent (80%) and the Buyer shall purchase and receive from Seller or pay for an annual volume of gas equal to ninety percent (90%) of the total annual volume of gas purchased from British Columbia fields (exclusive of deficiency volumes purchased pursuant to Section 3 of this Article V) multiplied by the maximum day volume obligation set forth in Section 1 of this Article V and divided by the total maximum day volume obligation of all Sellers under contract to Buyer producing gas from British Columbia fields, PROVIDED HOWEVER, that the annual volume of gas from the lands described in Schedule "A" which Buyer shall receive or pay for during any year shall not be less than 263 times the maximum day volume obligation in effect from time to time.

ARTICLE VI

PRICE

1. Price Schedule:

Subject to the adjustment hereinafter provided for, the



Buyer agrees to pay to the Seller for all gas delivered or contracted to be delivered hereunder the base price as follows:

	<u>Per Mcf Cents</u>
For the period following the first delivery of gas to January 1, 1958	6¢
For the next ensuing five (5) years	10¢
For the sixth year	10-1/4¢
For the seventh year	10-1/4¢
For the eighth year	10-1/2¢
For the ninth year	10-1/2¢
For the tenth year	10-3/4¢
For the eleventh year	11¢
For the twelfth year	11-1/4¢
For the thirteenth year	11-1/2¢
For the fourteenth year	11-3/4¢
For the fifteenth year	12¢
For the sixteenth year	12¢
For the seventeenth year	12-1/4¢
For the eighteenth year	12-1/2¢
For the nineteenth year	12-1/2¢
For the twentieth year	12-1/2¢

2. Volume Adjustment:

For each month after January 1, 1958, during which the maximum billing demand billed to its customers by Westcoast Transmission Company Limited is less than 460,000 Mcf per day, the prices set forth in Section 1 of this Article VI shall be reduced as follows:

<u>Billing Demand</u>	<u>Adjustment Per Mcf - Cents</u>
Less than 460,000 but equal to or more than 425,000	1/2¢
Less than 425,000 but equal to or more than 400,000	3/4¢
Less than 400,000 but equal to or more than 375,000	1-3/4¢





Billing Demand

Adjustment Per  
Mof - Cents

Less than 375,000 but equal to  
or more than 350,000

2-3/4¢

Less than 350,000 but equal to or  
more than 325,000

3-1/4¢

Less than 325,000 but equal to or  
more than 300,000

3-3/4¢

Less than 300,000

4¢

3. Currency:

(a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States currency as published at twelve o'clock (12:00) noon Eastern Standard Time or Eastern Daylight Time, as the case may be, by The Bank of Montreal, The Royal Bank of Canada, and The Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five (105) United States Cents or not less than Ninety-five (95) United States Cents for One (1) Canadian Dollar, then the total quantity of gas delivered by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.

(b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for the United States currency is:

(i) In excess of One Hundred and Five (105) United States Cents and is not more than One Hundred and Ten (110) United States Cents for One (1) Canadian Dollar; or

(ii) Less than Ninety-five (95) United States Cents but not less than Ninety (90) United States Cents for One (1) Canadian Dollar;



then the total quantity of gas delivered by the Seller to the Buyer in each such month, subject to the provisions of Subsection (e) of this Section 3 shall be considered sold and purchased at the price in Canadian currency calculated as follows:

- LET:
- PC price payable in Canadian currency during the month;
  - C the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in Canada;
  - US the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in the United States;
  - P price in the contract;
  - E the average daily selling rate for Canadian currency in United States currency during such month determined in accordance with the provisions of paragraph (a) above;

THEN: In the case of (i):

$$PC = \left\{ \frac{C \times P}{C \text{ plus } US} \right\} \text{ PLUS } \left\{ \frac{US}{C \text{ plus } US} \times P \times \frac{105}{E} \right\}$$

In the case of (ii):

$$PC = \left\{ \frac{C \times P}{C \text{ plus } US} \right\} \text{ PLUS } \left\{ \frac{US}{C \text{ plus } US} \times P \times \frac{95}{E} \right\}$$

- (c) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for non-consecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for gas delivered hereunder during such periods of time shall be adjusted in accordance with the formula set forth in Subsection (b) of this Section 3.



- (d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for at least three (3) consecutive monthly periods, then the price payable by the Buyer to the Seller as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail shall be renegotiated between the Buyer and the Seller, PROVIDED HOWEVER that pending completion of such renegotiation the price payable by the Buyer to the Seller shall be calculated in accordance with the provisions of Subsection (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive to the monthly periods during which the daily average selling rate for Canadian currency in United States currency exceeded One Hundred and Ten (110) United States Cents or was less than Ninety (90) United States Cents for One (1) Canadian Dollar, and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price within six (6) months then Seller may, upon three (3) months' written notice to Buyer, terminate this contract.
- (e) In no event shall the value of "PQ" as calculated under the provisions of Subsections (b), (c) and (d) (for the period pending negotiations as provided therein) of this Section 3 exceed or be less than the value of "P", as the case may be, by more than One (1) Cent per Mcf of gas delivered hereunder.

4. Price Accuracy:

All calculations with respect to the price of gas shall be carried to the nearest One-hundredth of a Cent.





## ARTICLE VII

### TAXES

If at any time during the term of this agreement any new or additional property, occupation, production, severance, gathering or sales tax or taxes of similar nature or equivalent in effect, in excess of the tax or rate prevailing as of the date hereof, shall be validly imposed by any lawful authority on the gas delivered by Seller pursuant to this agreement, on the production thereof, on the gathering or transportation thereof, or on Seller's gathering or pipelines transporting the same, so that Seller shall be required to pay such increase or such new tax either directly or through reimbursing others, Buyer shall, subject to the conditions hereinafter set forth, pay to Seller three-fourths (3/4) of any such increase in taxes or three-fourths (3/4) of any such new taxes; PROVIDED HOWEVER that in computing such new taxes or increases in taxes there shall not be included income taxes, capital stock taxes, corporate franchise taxes or general property taxes imposed on Seller's leases or such other taxes of like nature as may hereafter be imposed. In case Buyer shall become obligated in any year to reimburse Seller with respect to taxes as above provided, Seller shall notify Buyer of such fact and shall, within ninety (90) days after the end of such year, prepare and submit to Buyer a statement setting forth the amount of such new or increased taxes with respect to





which Buyer's obligations to reimburse Seller applies, and within thirty (30) days after submission of such statement Buyer shall pay to Seller a sum equal to three-fourths (3/4) of the amount of said new or additional taxes shown on said statement.

### ARTICLE VIII

#### DELIVERY POINTS AND PRESSURE

##### 1. Delivery Points:

The point of delivery for all gas delivered hereunder shall be at the outlet of the meter station to be installed and operated by the Seller at a location to be mutually agreed upon as hereinafter set out.

Prior to the first day of January, A. D. 1957, the Seller and the Buyer shall consult together to determine the location of the said delivery point.

In the event the Seller and the Buyer fail to agree upon such delivery point, then notwithstanding the provisions of Section 1 of Article V hereof, the Buyer shall be obligated to take delivery and Seller shall be obligated to make delivery of the gas to be sold and purchased hereunder at the Blueberry delivery point (hereinafter defined), first deliveries to commence not later than the first day of January, A. D. 1961, PROVIDED HOWEVER that upon the Seller electing by twelve (12) months' notice in writing delivered to the Buyer, the Buyer shall be obligated to take delivery of gas sold and purchased hereunder at the time provided in Article V



hereof, or such other date fixed in the said notice by the Seller subsequent thereto, at a delivery point in the vicinity of Milepost 80 on the Alaska Highway. The term "Blueberry delivery point" as used in this section shall mean the point of delivery in the Blueberry Field determined pursuant to the provisions of the third paragraph of Section 1 of Article VIII of that certain gas purchase agreement dated April 12, 1955, between J. B. White, et al, and Buyer covering the purchase by Buyer from the said J. B. White, et al, of gas to be produced from the Blueberry Field in British Columbia.

2. Delivery Pressure:

During the first four (4) years of deliveries of gas under this agreement the delivery pressure at the delivery point shall be the highest delivery pressure, not exceeding One Thousand (1000) pounds per square inch gauge, that can be maintained by Seller from all of Seller's wells without reducing or otherwise adversely affecting the efficient operation of Seller's wells, gathering lines, pipelines, treating facilities or gas processing facilities; PROVIDED HOWEVER that such pressure shall not be less than Five Hundred (500) pounds per square inch gauge during the said four (4) year period. Thereafter the Buyer will accept deliveries of gas at less than five hundred (500) pounds per square inch gauge but not less than one hundred (100) pounds per square inch gauge; PROVIDED HOWEVER that in respect to gas delivered at less than two.





hundred and fifty (250) pounds per square inch gauge the Buyer shall deduct by way of allowance for compression costs the sum of Three-quarter Cents ( $3/4\text{¢}$ ) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, PROVIDED HOWEVER that in the event that gas from any field can be made available for delivery at pressures less than one hundred (100) pounds per square inch gauge, the Seller and the Buyer will consult together for the purpose of determining the terms and conditions upon which the Buyer will accept delivery of such gas taking into consideration the cost of compression to make such gas available to the pipeline, and should Buyer and Seller fail to agree on such terms and conditions, the gas thereafter produced from any such field or well shall be released from the terms of this agreement.

## ARTICLE IX

### QUALITY

All gas delivered by Seller to Buyer shall conform with the following specifications:

1. Specifications:

The gas delivered hereunder shall be natural gas and shall conform to the specifications set forth under Sections 2 to 7 inclusive of this Article IX.

2. Odours and Solids:

The gas shall be commercially free from objectionable odours, solid matter, dust, gums and gum-forming constituents





which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows.

3. Oxygen:

The gas shall not at any time have an oxygen content in excess of one percent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

4. Liquids:

The gas shall be free of water and hydrocarbons in liquid form. The gas shall not contain water vapour in excess of three (3) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate gas to a dewpoint less than zero degrees Fahrenheit (0° F.). The gas shall not contain liquefiable hydrocarbon content (pentanes and heavier) in excess of two hundred (200) United States gallons per million cubic feet, PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater liquefiable hydrocarbon content for such period or periods as Buyer may prescribe from time to time.

5. Hydrogen Sulphide:

The gas shall not contain more than one (1) grain of hydrogen sulphide per one hundred (100) cubic feet, PROVIDED HOWEVER that the Buyer may, at Buyer's sole discretion, accept gas containing



greater hydrogen sulphide content for such period or periods as Buyer may prescribe from time to time.

6. Total Sulphur:

The gas shall not contain more than twenty (20) grains of total sulphur (hydrogen sulphide and mercaptan sulphur) per one hundred (100) cubic feet.

7. Heating Value:

The gas shall have a total heating value per cubic foot of not less than nine hundred and fifty (950) nor more than eleven hundred and seventy-five (1,175) British Thermal Units, PROVIDED HOWEVER that Buyer may, at the Buyer's sole discretion, accept gas with a higher or lower heating value for such period or periods as the Buyer may prescribe from time to time.

ARTICLE X

MEASUREMENT

1. Unit of Volume:

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be one (1) cubic foot at an absolute pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch at a temperature of sixty degrees Fahrenheit (60° F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).



2. Determination of Volume:

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above quoted Report.

3. Deviation from Boyle's Law:

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of gas delivered hereunder during the six (6) calendar months next following the taking of the sample from which such determination is made.





4. Specific Gravity:

The specific gravity of the gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A at the beginning of delivery and thereafter as frequently as is found expedient in practice at the respective points where the gas is metered hereunder, and the result of the determination at each such point shall be used in computing the volumes of gas metered at such point.

5. Flowing Temperature:

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.

6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be thirteen and four-tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.





ARTICLE XI  
MEASURING EQUIPMENT

1. Seller's Measuring Station:

Seller shall install, maintain and operate at its own expense equipment required for the measurement of the volumes, temperatures and heating values of all gas delivered hereunder at the place of delivery. Buyer shall have access to the measuring equipment of the Seller at all reasonable hours, but the calibrating and adjusting of the measuring equipment and the changing of charts shall be done only by the Seller.

2. Check Measuring Equipment:

Buyer may install, maintain and operate at its own expense check measuring equipment as desired providing that such equipment shall be so installed as to not interfere with the operation of the Seller's measuring equipment at or near the point of delivery.

3. Right to be Present:

The Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating or adjusting done in connection with the measuring equipment used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.

4. Calibration and Test of Meters:

The accuracy of the measuring equipment at the point of



delivery shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering correctly, the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than two percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding two percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of fifteen (15) days.

5. Correction of Metering Errors:

In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered through the period such measuring equipment is out of service or



out of repair shall be estimated and agreed upon on the basis of the best data available using the first of the following methods which is feasible:

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

6. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least one (1) year all test data, charts and other records of gas measurements. Either party desiring to preserve any records for a longer period may require the other party to deliver over to it such records which shall then be retained at the expense of such party desiring the same.

ARTICLE XII

STATEMENTS AND PAYMENTS

1. Seller or its nominee shall render to Buyer on or before the fifteenth (15th) day of each calendar month a statement for all gas delivered to Buyer hereunder during the preceding calendar month and payment for such gas shall be made by Buyer to Seller on





or before the twenty-fifth (25th) day of the month during which such statement is rendered. All payments accruing to the Seller hereunder shall be made to the parties Seller hereunder in proportion to their respective undivided interests in the gas sold. The Seller may, from time to time, designate another person, firm or corporation to accept payments hereunder, such designation to be in writing, and from and after receipt by the Buyer of such new designation, the Buyer shall thereafter make such payments to such person, firm or corporation.

#### ARTICLE XIII

##### ESTIMATES OF REQUIREMENTS

1. In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimated requirements of gas during each of the following six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

#### ARTICLE XIV

##### POSSESSION OF GAS

##### 1. Point of Delivery Controls:

As between the parties to this agreement, Seller shall



be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

2. Responsibility:

Buyer shall have no responsibility with respect to any gas deliverable under this agreement until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery, and Seller shall have no responsibility with respect to such gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery.

ARTICLE XV

WARRANTY AND TITLE OF GAS

1. The Seller warrants generally the title to all gas delivered to the Buyer hereunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.

ARTICLE XVI

FORCE MAJEURE

1. No failure or delay in performance of this agreement by



either party hereto shall be deemed to be a breach of this agreement when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, ~~storms~~, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary failure of gas supply because of freezing of wells or delivery facilities or hydrate obstructions of lines of pipe, inability to obtain pipe, materials or equipment, the binding order of any court or governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; PROVIDED that no cause or contingency shall relieve Buyer of its obligations to make payments due hereunder; PROVIDED FURTHER that any such cause or contingency shall, insofar as may reasonably be possible, be remedied or removed with due diligence and dispatch.

## ARTICLE XVII

### MISCELLANEOUS

#### 1. Non-Waiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or





further default or defaults, whether of a like or of a different character.

2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:

SELLER: Gulf States Oil Company of Canada  
PO06 Main Street  
Houston, 2, Texas

El Paso Natural Gas Company  
P. O. Box 1492  
El Paso, Texas

BUYER: Westcoast Transmission Company Limited  
Pacific Building  
Calgary, Alberta

or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to certify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of





this contract.

4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

6. Provincial Laws:

This agreement shall be construed in accordance with the laws of the Province of British Columbia.

7. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify.

ARTICLE XVIII

FAVOURED NATIONS

1. In the event the Buyer shall enter into any contracts for



the purchase of gas with any producer or producers of gas, and actually take delivery of and pay for gas within the Peace River area of the Province of British Columbia (for the purposes of this agreement defined as that portion of Northeastern British Columbia bounded on the South by latitude  $54^{\circ} 30'$  North and on the East by longitude  $120^{\circ}$  West, being the border between Alberta and British Columbia, on the North by latitude  $58^{\circ}$  North and on the West by a line extending from the intersection of longitude  $124^{\circ}$  West with latitude  $58^{\circ}$  North in a southeasterly direction to the point of intersection between longitude  $121^{\circ}$  West and latitude  $54^{\circ} 30'$  North) during the period of this contract upon terms more favourable to such producer or producers than the terms hereof, Seller shall have the right upon notice in writing to the Buyer to have this contract modified so as to make applicable to the sale and purchase of gas hereunder such more favourable terms as are contained in the said contracts with said producer or producers. The Buyer shall forthwith upon execution and delivery of any contracts with any producer or producers of gas as aforesaid, serve upon the Seller a true copy of each such contract.

IN WITNESS WHEREOF the parties hereto have hereunto caused their respective corporate seals to be affixed attested by the



hands of their proper officers duly authorized in that behalf, that day and year first above written.

SIGNED, SEALED AND DELIVERED

GULF STATES OIL COMPANY OF CANADA

By:

W. H. Davis  
Vice President

Charles L. Cunningham  
Secretary

EL PASO NATURAL GAS COMPANY

By:

C. F. Perkins  
Vice President

attest:

A. C. Monte

ASST. SECRETARY

WEST COAST TRANSMISSION COMPANY LIMITED

By:

W. M. McDowell  
Vice President

W. H. New





SCHEDULE "A" TO THE GAS PURCHASE AGREEMENT MADE BETWEEN

GULF STATES OIL COMPANY OF CANADA, a body  
corporate with an office at Houston, Texas,  
and EL PASO NATURAL GAS COMPANY, a body corp-  
orate with an office at El Paso, Texas,

"SELLER" OF THE FIRST PART,

- and -

WESTCOAST TRANSMISSION COMPANY LIMITED, a  
body corporate incorporated by Act of  
Parliament of Canada, with head office at the  
City of Calgary, in the Province of Alberta,

"BUYER" OF THE SECOND PART,

DATED THE 31<sup>st</sup> DAY OF AUGUST, A. D. 1955.

All of the land covered by British Columbia  
Prospecting Permit No. 176 issued by the Province  
of British Columbia, Dominion of Canada.







GULF STATES OIL COMPANY OF CANADA  
1006 MAIN STREET  
HOUSTON 2, TEXAS

August 31st, 1955

Westcoast Transmission Company Limited  
Pacific Building  
Calgary, Alberta, Canada

Gentlemen:

Contemporaneously and of even date herewith the undersigned, hereinafter called "Producers", have entered into a contract with Westcoast Transmission Company Limited, hereinafter called "Westcoast", providing for the sale by Producers to Westcoast of gas to be produced from certain properties owned by Producers and situated in British Columbia. Said contract is hereinafter called the "Producers contract". This letter will serve to evidence the following agreements between Producers and Westcoast relating to the Producers contract and the sale of gas thereunder to Westcoast:

(1) Producers represent that they presently intend to proceed with due diligence with a drilling program reasonably calculated, considering the economic factors involved, to make available the quantities of gas reserves underlying the properties covered by the Producers contract, which reserves Producers presently believe to be in excess of 50,000,000,000 cubic feet.

(2) Should Pacific Northwest Pipeline Corporation, hereinafter called "Pacific Northwest", elect pursuant to the provisions of Section 2 of Article IV of its contract with Westcoast dated December 11, 1954, hereinafter called the "Pacific Northwest contract", to increase above 300,000,000 cubic feet per day the daily quantity of gas to be purchased by Pacific Northwest from Westcoast under the Pacific Northwest contract, then the daily maximum quantity of gas to be purchased by Westcoast from Producers as provided in Section 1 of Article V of the Producers contract shall be increased above 5,000,000 cubic feet per day by an amount equal to the increase in daily quantity so occurring under the Pacific Northwest contract; provided, however, that such increase in the daily maximum quantity of gas covered by Producers contract shall not exceed 3,300,000 cubic feet of gas per day, and provided further, that no such increase in the daily maximum quantity of gas covered by the Producers contract shall exceed the daily quantity of additional gas (as that term is hereinafter defined) which at the time such increase is applicable, or at the date of first deliveries of gas under the Producers contract, whichever date is later, can be supported by the gas reserves underlying the properties covered by the Producers contract. In



order to determine the daily quantity of additional gas which can be supported by the gas reserves underlying the properties covered by the Producers contract such gas reserves, expressed in cubic feet of gas measured on the basis provided in Producers contract, shall be divided by 10,000,000,000 and the quotient so obtained shall be multiplied by 1,000,000. The excess of the product of such multiplication over 5,000,000 shall be the daily quantity of additional gas which can be supported by the gas reserves underlying the properties covered by the Producers contract.

(3) Anything contained in the Producers contract to the contrary notwithstanding, Westcoast shall commence the acceptance of deliveries of gas under the Producers contract at a point in the Gundy Creek Field ninety (90) days after both of the following conditions shall have been met, if the same are met prior to January 1, 1961:

- (a) The quantity of gas reserves underlying the properties covered by the Producers contract shall be determined to be not less than 83 billion cubic feet.
- (b) Westcoast shall have commenced the acceptance of deliveries of gas from the J. B. White, et al, properties in the Blueberry Field in British Columbia.

(4) Any determination of the quantity of gas reserves underlying the properties covered by the Producers contract shall be made by mutual agreement between Westcoast and Producers and, failing in agreement, by an independent engineer to be agreed upon between Westcoast and Producers, the fees and expenses of such engineer to be borne equally by Westcoast and Producers.

(5) Anything contained in the Producers contract to the contrary notwithstanding, Producers shall have the right to deliver to Westcoast under the Producers contract the full, dehydrated, well stream produced from Producers gas wells covered by the Producers contract, and Westcoast shall transport said well stream to Dawson Creek, British Columbia, or such point nearer to Producers properties at which a processing plant is located and there permit the said well stream to be processed for the removal of hydrocarbon substances therefrom. In such event Producers shall not be liable to Westcoast for





- 3 -

If the foregoing correctly states Westcoast's understanding concerning the matters covered herein, please indicate Westcoast's acceptance hereof and agreement hereto by executing this letter in the space provided below.

BY: W. K. K. K.  
Vice President.

BY: *C. Perkins*  
Vice President

WESTCOAST TRANSMISSION COMPANY LIMITED

BY: [Signature]  
Vice President







Abstract of Amendments etc., to the Gas Purchase Contract dated August 31, 1955 between Gulf States Oil Company of Canada, El Paso Natural Gas Company and Westcoast Transmission Company Limited.

(Gundy Creek Field, B.C.)

Amending Letter December 30, 1955.

Paragraph 1 of Article V is amended by deleting the words "Seller's interest in" as they apply to the maximum day volume obligation of Seller.

Agreement March 30, 1956.

Fargo Oils Ltd. ratifies and adopts the Gas Purchase Agreement as amended.









SCHEDULE "A"

INITIAL GAS PURCHASE AGREEMENT  
PEACE RIVER AREA

THIS CONTRACT, made this 22nd day of October, 1956, between PHILLIPS PETROLEUM COMPANY, a Delaware corporation with an office in the City of Calgary in the Province of Alberta (hereinafter called "Seller"), and WESTCOAST TRANSMISSION COMPANY LIMITED, a body corporate incorporated by Act of Parliament of Canada, with head office at the City of Calgary in the Province of Alberta (hereinafter called "Buyer"),

WITNESSETH, that in consideration of the mutual covenants hereinafter set forth it is mutually understood and agreed by and between the parties hereto as follows:

ARTICLE 1

REPRESENTATIONS

1. Seller's Representations:

Seller represents that it owns or controls the interests in the natural gas rights in and under the leases described in Schedule "A" hereto attached and by reference made a part hereof as therein stated and that it has full right, power and authority to sell and dispose of the Gas to be sold and purchased under the terms hereof free and clear of all encumbrances, and that Seller is now engaged in a drilling program for the purpose of testing and evaluating the said lands for the production of Gas.

2. Buyer's Representations:

Buyer represents that it is now proceeding with the construction of a natural gas transmission pipeline (hereinafter referred to as "the pipeline") from gas fields in northern Alberta and northern British Columbia to a point on the international boundary



between the Province of British Columbia and the State of Washington. Buyer has entered into an agreement with Pacific Northwest Pipeline Corporation (hereinafter called "Pacific Northwest"), dated December 11, 1954, providing (a) for the sale by Buyer to Pacific Northwest of 300,000 Mcf of Gas per day at the connection with the pipeline facilities of Pacific Northwest at the International boundary near Sumas, Washington, and (b) giving Pacific Northwest the right to increase its contract demand above 300,000 Mcf of Gas per day by an additional 100,000 Mcf of Gas per day when there are available to Buyer under terms of Buyer's gas purchase contracts proven and recoverable reserves capable of providing such increased deliveries.

3. Seller's Performance with Diligence:

Seller agrees to carry on an exploration and development program, insofar as a prudent operator would do so, on the said lands described in Schedule "A" hereto attached, for the purpose of proving up natural gas reserves and making Gas available for sale to the Buyer under the terms hereof.

4. Buyer's Performance with Diligence:

The Buyer agrees to proceed with diligence with the construction of the necessary facilities required for the transmission by the Buyer through its pipeline of the said volumes of Gas to be sold to the said Pacific Northwest, and as required to take delivery hereunder within the time herein specified.

ARTICLE 11

DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this agreement shall have the following meanings:

1. The term "day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A. M. Pacific Standard Time.





2. The term "month" shall mean the period beginning at Eight (8:00) A. M. Pacific Standard Time on the first day of the calendar month and ending at Eight (8:00) A. M. Pacific Standard Time on the first day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning at Eight (8:00) A. M. January 1st and ending the next succeeding January 1st at Eight (8:00) A. M.
4. The term "cubic foot" shall mean the volume of Gas which occupies one (1) cubic foot when such Gas is at a temperature of sixty degrees Fahrenheit (60° F.), and at a pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch absolute.
5. The term "Mcf" shall mean one thousand (1,000) cubic feet of Gas.
6. The term "British thermal unit" shall mean the amount of heat required to raise the temperature of one (1) pound of water one degree Fahrenheit (1° F.) at sixty degrees Fahrenheit (60° F.).
7. The term "total heating value", when applied to a cubic foot of Gas, means the number of British thermal units produced by the combustion in a recording calorimeter at constant pressure, of the amount of Gas which would occupy a volume of one (1) cubic foot at a temperature of sixty degrees Fahrenheit (60° F.), if saturated with water vapor, and under a pressure equal to that of thirty (30) inches of mercury at thirty-two degrees Fahrenheit (32° F.) and under standard gravitation force (acceleration nine hundred eighty and six hundred sixty-five thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the Gas, when the products of combustion are cooled to the initial temperature of the Gas and air, and when the water formed by combustion is condensed to the liquid state.
8. The term "Leases" shall mean and include the Petroleum and Natural Gas Permits and Licenses, the Exploration Permits, the Petroleum and Natural Gas Leases, Petroleum Leases and Natural Gas Leases granted by her Majesty the Queen in the right of the Province of British Columbia, with respect to any of the lands described in Schedule "A" attached hereto and made a part hereof, together with all Petroleum and Natural Gas Permits and Licenses, Exploration Permits, Petroleum and Natural Gas Leases, Petroleum Leases and Natural Gas Leases; which may be granted pursuant to, or as a consequence of, or in substitution for any of the foregoing with respect to any of the lands described in Schedule "A" attached hereto and made a part hereof and in addition thereto any other agreement or document by virtue of which the Seller is entitled to own, drill for and produce and sell Gas from any of the said lands described in Schedule "A" attached hereto and made a part hereof.





9. The term "Gas" means natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
10. The term "gallon" means imperial gallon.
11. The term "barrel" means a barrel of thirty-five (35) gallons.
12. The term "GPM" means gallons per Mcf.
13. The term "LPG" means liquefied petroleum gas consisting of propane and/or butane.
14. The term "GPM of LPG" means the GPM of propane and butane.
15. The term "pentanes plus" means pentanes and heavier hydrocarbons.
16. The term "GPM of pentanes plus" means the GPM of pentanes and heavier hydrocarbons.
17. The term "LPM" means pound per Mcf.
18. The term "LPM of sulfur" means the LPM of sulfur.

#### ARTICLE 111

##### TERM

This contract shall remain in force and effect from date hereof until the first of the following happens:

- (a) This contract is superseded by the provisions of the "Peace River Gas Purchase Agreement" between the parties hereto, on date of first deliveries of Gas or the date upon which Buyer first becomes obligated to take or pay for the Gas, whichever first occurs under that contract.
- (b) This contract is terminated under the provisions of Section 3 of Article VI hereof.



- (c) The term of all Leases described in Schedule "A", including any renewals of such Leases, expires.
- (d) Seller determines that the amount of Gas available for production from Leases subject hereto is such that production thereof is no longer profitable to Seller, or Buyer determines that it can no longer purchase such Gas and transport it for resale at a profit.

#### ARTICLE IV

##### AVAILABILITY OF GAS

###### 1. Gas Reserves Under Contract:

Seller represents that the Leases covered by this contract may be subject to renewal from time to time as provided in said Leases and Seller is entitled to sell or dispose of its interest in all Gas produced from the lands as described in Schedule "A" hereto attached. Subject to the provisions of this contract, and to availability of Gas from said Leases, Seller agrees to sell and deliver to Buyer the volumes of Gas to be sold and purchased in accordance with the terms hereof, produced and saved from Seller's interest in the lands covered by the Leases as shown on Schedule "A", excepting and reserving, however, the following rights:

- (1) The right to use such Gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require for development of Seller's properties described in Schedule "A", including, but not limited to, the use of Gas for fuel, drilling, development and operating said properties (including repressuring, cycling and pressure maintenance) for the production of oil, Gas or other minerals.



- (2) The right to operate the Leases covered by this contract free from any and all control by Buyer, in such manner as Seller, in its sole discretion, deems advisable, including, without limitation, the right to drill new wells, repair or rework old wells, and to abandon any well or wells which Seller deems no longer profitable.
- (3) The right to process or to have processed for it such Gas for the extraction of hydrocarbons and to retain and dispose of (free from any and all claims by Buyer) any and all liquids recovered by or for Seller from the Gas prior to delivery of the Gas to Buyer; provided, that Seller shall limit such processing to mechanical separation of Gas produced from any well having more than 0.5 GPM of pentanes plus where the separation of liquids will not reduce the liquid content below 0.5 GPM of pentanes plus, and to incidental separation inadvertently effected in the dehydration of the Gas for water vapor removal and other handling as required by this agreement.
- (4) The right to use such Gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for Seller (provided that such processing plants are located in the respective fields comprised in the lands described in Schedule "A", but whether or not the processing plants are owned by other than Seller) or for effecting delivery of the Gas to the Buyer, it being recognized by Buyer that Gas so used by the Seller, and Gas lost through process







shrinkage or gathering operations, is reserved to Seller.

- (5) It is the intention of the parties hereto that the maximum quantity of recoverable gas reserves underlying lands covered by Leases described in Schedule "A" attributable to the interest covered by Buyer's gas purchase contracts shall be a volume equal to five hundred billion cubic feet. Based upon geological information now available it is considered probable that such recoverable gas reserves may be in excess of 500 billion cubic feet. Therefore, it is agreed that not later than October 1, 1958, and thereafter at the request of either party (but not oftener than once each year.) Seller shall make an estimate of the total recoverable reserves of gas underlying the lands described in Schedule "A" as of the date of this agreement attributable to the interest of parties with whom Buyer has gas purchase contracts covering such lands, and in the event the estimate of such reserves as made by Seller and approved by Buyer shall exceed five hundred billion cubic feet, Seller shall have the right to delete from said Schedule "A", and thereafter from any and all terms of this agreement, Seller's interest in such portion of the lands described therein to be selected by Seller and approved by Buyer, as shall represent recoverable gas reserves in excess of five hundred billion cubic feet. In making the selection of lands which are to be deleted from Schedule "A", as above provided, consideration shall be given to the following:

- (a) Lands in which Seller's interest is retained in the Schedule and subject to this agreement shall have as nearly as



practicable the average deliverability and underlying gas reserves of the entire lands covered by the Leases described in said schedule;

- (b) To as great an extent as possible considering the foregoing, the lands so deleted shall be at not less than equal stages of development as the retained acreage and as nearly as practicable, in solid blocks of contiguous acreage;
- (c) Subject to the foregoing, the preference should be given to deletion of acreage which will result in the smallest amount of abandonment or changing by Buyer of facilities constructed to take gas hereunder.

In the event the parties hereto shall be unable to agree upon the estimated reserves and/or the acreage to be retained and the acreage to be deleted, such determinations shall be made by arbitration as hereinafter provided.

- (6) The right at all times to sell and dispose of volumes of surplus Gas which Buyer is not purchasing and which Seller, in its sole judgment and in good faith, considers prudent to establish as a reasonable rate of production of Gas from its fields in order to prevent drainage and to permit Seller to produce its allowable quantity of oil or condensate. Subject to the above, Seller agrees not to sell surplus Gas in quantities which would deplete Seller's reserves to the extent that such reserves equal less than 10,000,000 Mcf for each 1,000 Mcf of the then daily maximum contract quantity of Gas which Seller is obligated to deliver hereunder to Buyer, said 10,000,000 Mcf being reduced by three



and sixty-five hundredths percent (3.65%) as of the end of each calendar year of the term of this contract.

2. Maintenance of Leases:

Seller shall not be required to retain nonproducing lands which, in Seller's judgment, appear to be potentially nonproductive or that have been condemned by neighboring development, nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit. Before releasing any gas lease on any such lands however, Seller shall give Buyer timely notice of such intended release, and, upon demand by Buyer, assign to Buyer its interest in such gas lease (subject to Buyer's assumption of Seller's unaccrued liabilities with respect to the interest assigned), upon payment by Buyer to Seller for Seller's interest in the salvage value of any casing and other equipment of Seller in any well or wells located on the lands covered thereby; provided, that Seller shall not be liable to Buyer if, by reason of inadvertence, Seller shall fail to maintain any leasehold right or shall fail to give notice to Buyer of its intention to surrender or permit the same to lapse.

3. Limitation to Legal Production:

The volumes of Gas that Seller shall be obligated to deliver to Buyer hereunder shall be limited to volumes of Gas which can be legally produced from the Seller's interest in the wells located on the lands covered by this contract, less the volumes of Gas excepted and reserved as provided in this contract.

4. Exchange of Acreage:

It is understood that for the purpose of consolidating acreage subject





to this contract, Seller shall have the right to exchange any acreage subject to this contract for other acreage having no commitment in conflict with this contract and having underlying gas reserves and potential capacity to deliver Gas at least equal to the underlying gas reserves and potential capacity to deliver Gas of the acreage for which it is exchanged; provided, however, that no such exchange shall be made which will prevent Seller from furnishing Gas to Buyer in accordance with the other provisions of this contract, or diminish the amount of the Gas reserves available to Buyer under this contract immediately prior to such exchange. Before making any such exchange, Seller shall notify Buyer and, in the event the parties hereto shall be unable to agree concerning the volumes of the underlying gas reserves and the potential capacity to deliver Gas of the acreages to be so exchanged, the determination of the volumes of such reserves and the potential capacity to deliver Gas shall be made by an engineering firm to be selected by Seller from a list of three engineering firms to be designated by Buyer, which shall be firms of high standing in their profession and experienced in the computation of gas reserves, and the determination made by such engineering firm shall be binding upon both parties hereto. The fee of such engineering firm shall be borne by Seller. Upon such exchange, the gas leases covering acreage covered by this contract and so exchanged shall be released from all provisions of this contract and the gas leases covering the acreage substituted therefor shall become subject to all the provisions of this contract.

5. Substitution of Deliveries:

It is agreed that Seller shall have the right at any time and from





time to time to substitute deliveries of Gas produced from lands not subject to this contract for deliveries of Gas hereunder, provided Seller shall deliver such substituted Gas into Buyer's facilities at its own cost and expense and such substituted Gas shall meet the quality requirements of this contract, and the substituted Gas shall not contain less by-products than that which would otherwise have been delivered. If Seller so elects to make deliveries of Gas, during any period, from lands not subject to this agreement, Seller shall have the right to produce and dispose of (free from the obligations hereunder) an equal volume of Gas from the lands covered by this agreement. Prior to tender of any substitute Gas hereunder, Seller shall notify Buyer of the time, place and volumes to be substituted and designate the delivery point or points to which substituted volumes are to be applicable.

#### ARTICLE V

#### SALE AND PURCHASE OF GAS

1. Contract Volumes:

Commencing on the first of the following dates, to wit:

- (a) upon expiration of twelve months from Seller's giving notice to Buyer of Seller's election to commence deliveries hereunder;
- (b) upon expiration of ten months from Buyer's giving notice to Seller of Buyer's election to commence purchases hereunder;
- (c) November 1, 1963;

but not before November 1, 1958, in any event, subject to the provisions of this contract, Seller agrees to sell and deliver to Buyer and Buyer agrees



to purchase and receive from Seller, or pay for whether taken or not, an average daily volume of Gas each year (herein referred to as the "contract volume") fixed as follows: For each 10,000,000 Mcf of recoverable reserves underlying lands covered by the Leases described in Schedule "A" dedicated to Buyer hereunder or under contracts between Buyer and others owning Gas rights in such lands, Buyer will purchase 1,000 Mcf per day, up to an aggregate total of 50,000 Mcf per day. That part of such total average daily purchase which bears the same relation to the whole which the Gas which Seller has the right to sell from such reserves bears to the total which Buyer has the right to purchase from such reserves under such contracts, adjusted as of the first of the year following completion of each reserve determination provided for in Subsection (5) of Section 1 of Article IV hereof, shall be the contract volume hereunder; provided, however, that such contract volume shall not be less than an annual volume of Gas equal to ninety percent (90%) of the total annual volume of Gas purchased from British Columbia fields (exclusive of deficiency volumes purchased pursuant to Section 3 of this Article V) multiplied by the maximum day volume obligation set forth in Section 2 of this Article V and divided by the maximum day volume obligation of all sellers under contract to Buyer producing Gas from British Columbia fields. The contract volume shall be taken ratably from each of the various delivery points established by Seller in proportion to the amount of Seller's interest in recoverable reserves underlying the Leases described in Schedule "A" within the area from which Gas will be delivered to such delivery point.





2. Maximum and Minimum Day Volume Obligations:

The maximum volume of Gas Buyer shall be entitled to purchase and receive in any one (1) day and which Seller, subject to the ability of the wells to produce, shall sell and deliver to Buyer shall be one hundred twenty-five percent (125%) of the contract volume in effect at the time. In the event Seller is unable for a period of fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum volumes herein specified when Buyer is ready and able to accept same, Buyer shall have the right to reduce the contract volume to eighty percent (80%) of the average daily volume Seller did supply during such fifteen (15) day period; provided however, that upon Seller remedying or partially remedying the deficiency within the following calendar year, the original contract volume shall be reinstated to the extent of eighty percent (80%) of the maximum volume Seller then demonstrates it can deliver. Buyer agrees that it will purchase and receive not less than sixty-five percent (65%) of the contract volume in any day.

3. Make up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January first of each year, in the event the total volume of Gas purchased by Buyer from Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed by law, be less than a volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of Gas not so purchased by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding calendar year and paid for at the price or prices applicable to the date or dates when such Gas shall be delivered, and any such deficiency volume of Gas not so accepted and purchased during such succeeding calendar year shall be paid for by Buyer at the end of such succeeding calendar year at the price provided in this contract applicable to the volume of Gas delivered





on the last day of such succeeding calendar year following that in which the deficiency occurred. Such deficiency volume of Gas accepted and purchased by Buyer during any such succeeding calendar year to make up deficiencies in purchases during the preceding calendar year shall not be deemed to be a part of the annual volume of Gas required to be accepted and purchased by Buyer hereunder during the succeeding calendar year; provided, however, that the Seller shall not be required to deliver Gas at daily rates in excess of the maximum daily rate in effect as specified in Section 2 of this Article V. No gas delivered during any such succeeding calendar year shall be deemed to be Gas delivered to make up deficiencies in purchases during the preceding year until the Buyer has received the whole of the annual volume of Gas required to be accepted and delivered to Buyer during such succeeding calendar year.

#### ARTICLE VI

##### PRICE

1. Gas Price Schedule:

Buyer agrees to pay to Seller for all Gas delivered hereunder, and for volumes of Gas which Buyer may become obligated to pay for if not taken, prior to January 1, 1978, a price per Mcf equal to the sum of the following component parts:

- (a) A price per Mcf of the residue Gas from Buyer's Gas Scrubbing Plant located in the vicinity of Taylor, British Columbia, attributable to deliveries hereunder, as follows:

	<u>Per Mcf Cents</u>
For the period following the first delivery of Gas to January 1, 1963	10
For the year 1963	10-1/4¢
For the year 1964	10-1/4¢
For the year 1965	10-1/2¢
For the year 1966	10-1/2¢
For the year 1967	10-3/4¢
For the year 1968	11 ¢
For the year 1969	11-1/4¢



For the year 1970	11-1/2¢
For the year 1971	11-3/4¢
For the year 1972	12 ¢
For the year 1973	12 ¢
For the year 1974	12-1/4¢
For the year 1975	12-1/2¢
For the year 1976	12-1/2¢
For the year 1977	12-1/2¢

provided that, if deliveries are commenced hereunder by virtue of Seller's notice to Buyer of Seller's election to commence deliveries, as specified in Article V, Section 1 (a) above, for each month after November 1, 1958, and before November 1, 1963, during which the maximum billing demand billed to its customers by Buyer is less than an average of 460,000 Mcf per day, the said price shall be reduced as follows:

	<u>Adjustment Per Mcf - Cents</u>
Less than 460,000 but equal to or more than 425,000	1/2¢
Less than 425,000 but equal to or more than 400,000	3/4¢
Less than 400,000 but equal to or more than 375,000	1-3/4¢
Less than 375,000 but equal to or more than 350,000	2-3/4¢
Less than 350,000 but equal to or more than 325,000	3-1/4¢
Less than 325,000 but equal to or more than 300,000	3-3/4¢
Less than 300,000	4 ¢

(b) A price per Mcf of gas delivered to Buyer from Seller's wells based on (i) its pentanes plus content, (ii) its LPG content, (iii) its sulfur content, and (iv) its content of any other material extracted and sold from Buyer's said Taylor, British Columbia, plant as provided in Section 2 of this Article VI,

provided, that such price shall not be less than the price per Mcf set out in Section 1 (a) of this Article VI plus the value, in the field, of distillates that would be separated per Mcf in conventional wellhead separators. If at any time prior to November 1, 1963,



Buyer's maximum billing demand billed to its customers by Buyer reaches an average of 460,000 Mcf per day in any month, Buyer shall notify Seller of such happening not later than sixty (60) days after the last day of the month in which such maximum billing demand is reached.

2. By-products Price Schedule:

The portion of the price per Mcf based on by-products shall be the total of the component prices per Mcf for pentanes plus, LPG, sulfur and other material extracted and sold, determined for each delivery point as follows:

- (a) The component price for pentanes plus per Mcf of Gas delivered obtained by multiplying the GPM of pentanes plus by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 2, and by the average price for pentanes plus being received by Buyer, F.O.B. its Gas Processing Plant. The adjustment for actual monthly plant production hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of pentanes plus during the month and the denominator of which shall be the sum of the pentanes plus contained in the Gas delivered by all sellers during the month.
- (b) The component price of LPG per Mcf of Gas delivered obtained by multiplying the GPM of LPG by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 2 and by the average price for LPG being received by Buyer, F.O.B. its Gas Processing Plant. The adjustment for actual monthly plant





production as hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of LPG during the month and the denominator of which shall be the sum of the LPG contained in the Gas delivered by all sellers during the month.

- (c) The component price for sulfur per Mcf of Gas delivered obtained by multiplying the LPM of sulfur by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 2, and by the average price for sulfur being received by Buyer, F. O. B. its Gas Processing Plant. The adjustment for actual monthly plant production hereinbefore mentioned shall be a fraction the numerator of which shall be the actual net plant production of sulfur during the month and the denominator of which shall be the sum of the sulfur contained in the Gas delivered by all Sellers during the month.
- (d) The component price for other materials extracted and sold per Mcf of Gas delivered shall be determined in a manner comparable with the provisions of Subsections (a), (b) and (c) of this Section 2.
- (e) The applicable percentage to be employed in Subsections (a), (b), (c) and (d) of this Section 2 for the Gas delivered hereunder at each delivery point shall be as follows:

<u>GPM of Pentanes Plus in Gas</u>	<u>Applicable Percentage</u>
Less than 0.25	--0
Equal to 0.25 but less than 0.50	37%
Equal to 0.50 but less than 0.75	38%
Equal to 0.75 but less than 1.00	39%
Equal to or more than 1.00	40%





provided, however, notwithstanding anything hereinbefore set forth in this Article VI, the Buyer specifically reserves the right to renegotiate an equitable charge for processing raw Gas delivered at any delivery point which has a GPM of pentanes plus less than 0.25, and failing agreement, to discontinue accepting raw Gas at such delivery point.

3. Price After 1977:

Prior to the 1st day of January, 1977, Seller and Buyer shall endeavor to determine by mutual agreement the price or prices to be paid for Gas delivered by Seller to Buyer after December 31, 1977. In the event Seller and Buyer are unable to mutually agree upon such price or prices, then Buyer shall continue to pay to Seller for all Gas delivered hereunder after the expiration of the year 1977, the price or prices computed in the same manner as hereinbefore provided for the year 1977 plus one cent (1¢) per Mcf for each five-year period commencing after December 31, 1977, subject, however, to the right of Seller, at any time after the expiration of the year 1977, to terminate this contract upon six (6) months' notice in writing.

4. Currency:

Except for Gas payments based upon by-product content, which shall be payable in Canadian currency without adjustment for difference in exchange rates, the following shall apply to payments to be made hereunder by Buyer to Seller:

- (a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States currency as published at Twelve o'clock (12:00) noon Eastern Standard Time or Eastern Daylight Time, as the case may be, by the Bank of Montreal, The Royal Bank of Canada, and The



Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five United States Cents (105¢) or not less than Ninety-five United States Cents (95¢) for One Canadian Dollar (\$1.00), then the total quantity of Gas delivered by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.

- (b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for the United States currency is:

(i) In excess of One Hundred and Five United States Cents (105¢) and is not more than One Hundred and Ten United States Cents (110¢) for One Canadian Dollar (\$1.00); or

(ii) Less than Ninety-five United States (95¢) but not less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00);

then the total quantity of Gas delivered by Seller to Buyer in each such month, subject to the provisions of Subsection (e) of this Section 4 shall be considered sold and purchased at the price in Canadian currency calculated as follows:

LET:  $P_c$  = price payable in Canadian currency during the month;

$C$  = the volume of Gas sold by Buyer out of the pipeline during such month to purchasers for use in Canada;

$US$  = the volume of Gas sold by Buyer out of the pipeline during such month to purchasers for use in the United States;





P = price in the contract;

E = the average daily selling rate for Canadian currency in the United States currency during such month determined in accordance with the provisions of paragraph (a) above;

THEN: In the case of (i):

$$P_c = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{105}{E} \right)$$

In the case of (ii):

$$P_c = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{95}{E} \right)$$

- (c) In the event that such average selling rate for Canadian currency in the United States currency exceeds One Hundred and Ten United States Cents (110¢) or is less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00) for nonconsecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for Gas delivered hereunder during such periods of time shall be adjusted in accordance with the formula set forth in Subsection (b) of this Section 4.
- (d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten United States Cents (110¢) or is less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00) for at least three (3) consecutive monthly periods, then the price payable by Buyer to Seller as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail shall be renegotiated between Buyer and Seller,





provided, however, that pending completion of such renegotiation, the price payable by Buyer to Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive to the monthly periods during which the daily average selling rate for Canadian currency exceeded One Hundred and Ten United States Cents (110¢) or was less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00), and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price within six (6) months then Seller may, upon three (3) months' written notice to Buyer, terminate this contract.

- (e) In no event shall the value of "Pc" as calculated under the provisions of Subsections (b), (c) and (d) (for the period pending negotiation as provided therein) of this Section 4 exceed or be less than the value of "P", as the case may be, by more than One Cent (1¢) per Mcf of Gas delivered hereunder

5. Adjustment Upon Alteration of Buyer's Resale Price:

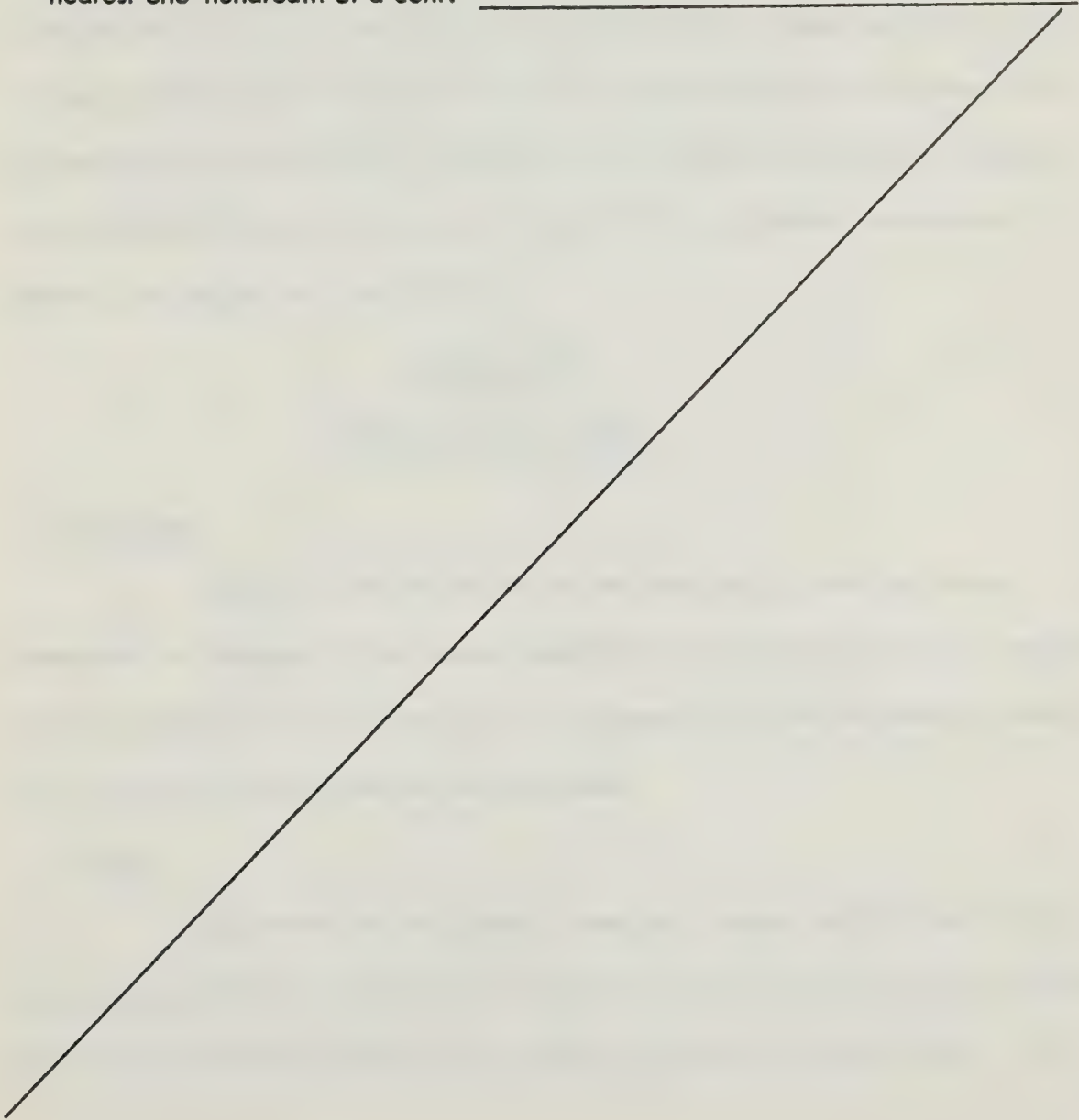
If Buyer shall voluntarily grant, either directly or indirectly, a reduction in the price at which Pacific Northwest has contracted to purchase additional volumes of Gas for delivery near Sumas, Washington, such reduction shall operate to automatically increase the price to be paid hereunder as above provided by an equal amount per Mcf, effective at the same time as the reduction to Pacific Northwest becomes effective. In the event Pacific Northwest shall grant Buyer any increase in said resale price, Buyer



will at the request of Seller, having regard to the circumstances under which Buyer obtains any such increase, pass on to Seller hereunder an increase equal to 50% of the amount of such increase per Mcf, to be effective at the same time as the increase granted to Buyer.

6. Price Accuracy:

All calculations with respect to the price of Gas shall be carried to the nearest one-hundredth of a cent. \_\_\_\_\_





ARTICLE VII  
FAVORED NATIONS

In the event Buyer shall enter into any contracts for the purchase of Gas with any producer or producers of Gas, and actually take delivery of and pay for Gas delivered into the pipeline north of 54° North Latitude, in the Province of British Columbia during the term of this contract, upon terms more favorable to such producer or producers than the terms hereof, Seller shall have the right upon notice in writing to the Buyer to have this contract modified so as to make applicable to the sale and purchase of Gas hereunder such more favorable terms as are contained in the said contracts with said producer or producers. Buyer shall forthwith upon completion of any contracts with any producer or producers of Gas as aforesaid, serve upon the Seller a true copy of each such contract.

ARTICLE VIII  
ROYALTIES AND TAXES

1. Royalties:

Seller shall be responsible for and shall pay all royalties, levies, assessments, or charges of a like nature payable to any Dominion, Provincial, Municipal or other authority of any other person on or in respect of the Gas delivered hereunder and the by-products manufactured and sold therefrom.

2. Taxes:

Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon or in respect of the Gas delivered hereunder up to the point of delivery of the Gas to Buyer. All





increases in such present gross production taxes, severance taxes and excise taxes upon or in respect of the total volume of Gas delivered hereunder or the production, gathering, transportation or handling thereof up to the point of delivery of the Gas to Buyer and all increases in any tax on the pipelines in Seller's gathering system required to be paid by Seller, shall be borne three-quarters (3/4) by the Buyer and one-quarter (1/4) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.

## ARTICLE IX

### DELIVERY POINTS AND PRESSURE

#### 1. Delivery Points:

The points of delivery for all Gas delivered hereunder (other than substituted volumes delivered pursuant to Article IV, Section 5) shall be at the outlet of the meter stations to be installed and operated by Seller at a central point on each of the following British Columbia Petroleum and Natural Gas Permits 95, 117, 149, 158, 212 and such other points as the parties may agree upon.

#### 2. Delivery Pressure:

Seller shall not be required to install compression equipment to effect deliveries hereunder when, in its sole judgment, it would be uneconomical to do so, but to the extent the natural pressure of the wells will permit, all Gas sold and purchased hereunder shall be delivered together with any associated components in the dehydrated well stream deliverable hereunder, at the delivery point in each of the said fields at pressures not in excess of one thousand (1,000) pounds per square inch gauge and during the first four (4) years, not less than eight hundred (800) pounds per square





inch gauge, nor at pressures less than five hundred (500) pounds per square inch gauge during the second four (4) years of deliveries hereunder. Thereafter Buyer will accept deliveries at the said delivery points at less than five hundred (500) pounds per square inch gauge but not less than one hundred (100) pounds per square inch gauge. In the event Gas is delivered at less than two hundred and fifty (250) pounds per square inch gauge Buyer shall deduct by way of allowance for compression costs, the sum of three-quarter cents (3/4¢) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, for such Gas so compressed. In the event Gas from any field can be made available for delivery at pressures less than one hundred (100) pounds per square inch gauge, Seller and Buyer will consult together for the purpose of determining the terms and conditions upon which Buyer will accept delivery of such Gas and any associated components in the dehydrated well stream deliverable hereunder, taking into consideration the cost of compression to make them available to the pipeline. In the event the parties hereto reach no agreement in a reasonable period, Seller may terminate this contract insofar as such low pressure Gas is concerned by giving Buyer thirty (30) days' written notice.

## ARTICLE X

### QUALITY

#### 1. Full Dehydrated Well Stream:

Except for the right of Seller to extract as provided in Article IV, Section 3, the Gas delivered hereunder shall be the full dehydrated well stream as produced from natural gas wells, or the dehydrated Gas stream issuing with oil from oil wells (whether produced from the same sand or strata from which the oil is produced or by the injection of Gas with compressors or other means for flowing the oil) and Gas vaporized from oil after production.



2. Oxygen:

Buyer may refuse to take any such Gas at any time having an oxygen content in excess of one per cent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

3. Liquids:

Seller will process such Gas as required to deliver the Gas free of water in liquid form. The Gas shall not contain water vapor in excess of four (4) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate the Gas to a dewpoint less than ten degrees Fahrenheit (10° F.) at the delivery pressure; provided, however, that Buyer may at Buyer's sole discretion accept Gas containing greater water vapor content for such period or periods as Buyer may prescribe from time to time.

4. Heating Value:

If for any month average heating value of all Gas of Seller delivered from wells shall be less than 950 Btu, Buyer may thereafter either continue to accept such Gas, or reduce volumes taken at the delivery point or points having the lowest heating value as required to bring the average heating value of Gas of Seller up to 950 Btu.

ARTICLE XI

MEASUREMENT

1. Unit of Volume:

The unit of volume of Gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article II hereof) shall be





one (1) cubic foot at an absolute pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch at a temperature of sixty degrees Fahrenheit (60° F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of Gas delivered hereunder shall be measured by an orifice meter or meters and shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948.

3. Deviation from Boyle's Law:

The deviation of the Gas from Boyle's Law at the pressures and temperatures at which the Gas is metered shall be determined by tests or analyses each six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of Gas delivered hereunder during the six (6) calendar months next following the taking of the sample from which such determination is made.

4. Specific Gravity:

The specific gravity of the Gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A at the beginning of delivery and thereafter as frequently as is found expedient in practice at the respective





points where the Gas is metered hereunder, and the results of the determination at each point shall be used in computing the volumes of Gas metered at such point.

5. Flowing Temperature:

The flowing temperature of the Gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and the arithmetic average temperature each day shall be used in computing the deliveries of Gas during such day.

6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be thirteen and four-tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the Gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.

ARTICLE XII

MEASURING EQUIPMENT

1. Seller's Measuring Station:

Seller shall install, maintain and operate at the delivery points, at its own expense, suitable orifice type meters and other equipment necessary for the measurement of the volumes and temperatures of the Gas delivered hereunder, and shall also provide for the determination of heating values of all Gas delivered hereunder at the delivery points. Buyer shall have access to the measuring equipment of the Seller at



all reasonable hours, but the calibrating and adjusting of the measuring equipment, and the changing of charts, shall be done only by the Seller.

2. Buyer's Residue Gas Measuring Station:

Buyer shall install, maintain and operate, at its own expense, suitable orifice type meter or meters and other equipment necessary for the measurement of the volumes and temperatures of all residue Gas produced from Buyer's plant located in the vicinity of Taylor, British Columbia. Seller shall have access to the measuring equipment of the Buyer at all reasonable hours, but the calibrating and adjusting of the measuring equipment, and the changing of charts, shall be done only by the Buyer.

3. Check Measuring Equipment:

Either party may install, maintain and operate, at its own expense, check measuring equipment as desired, for the purpose of check the other party's measuring equipment only, provided that such equipment shall be so installed as to not interfere with the operation of the other's measuring equipment.

4. Right to be Present:

Either party shall each have the right to be present at the installation, testing, cleaning, changing, repairing, inspecting, calibrating, or adjusting, done in connection with the other party's measuring equipment used in measuring the Gas deliveries hereunder, and each shall be given reasonable notice thereof in order that the other may be present.

5. Calibration and Test of Meters:

The accuracy of the measuring equipment shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the



measuring equipment shall be found to be registering correctly, the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than two per cent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of Gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding two per cent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of fifteen (15) days.

6. Correction of Metering Errors:

In the event the measuring equipment is out of service or out of repair so that the quantity of Gas delivered is not correctly indicated by the reading thereof, the Gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available, using the first of the following methods which is feasible:

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or





- (c) By estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter was registering accurately.

7. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least one (1) year all test data, charts, and other records of Gas measurements. Either party desiring to preserve any records for a longer period may require the other party to deliver over to it such records which shall then be retained at the expense of such party desiring the same.

ARTICLE XIII

STATEMENTS AND PAYMENTS

1. Production Statement:

Seller or its nominee shall render to Buyer on or before the tenth (10th) day of each calendar month, a statement of all Gas delivered to Buyer hereunder from each delivery point during the preceding calendar month.

2. Accounting by Buyer:

Buyer shall, on or before the twentieth (20th) day of each calendar month, furnish Seller with a statement showing the monies due Seller hereunder for the preceding month. The statement shall include an allocation to each delivery point of residue Gas, pentanes plus, LPG, sulfur, and any other material extracted and saved, and the payment payable therefor according to the procedure set forth in Sections 3 and 4 of this Article XIII. Statements rendered in January of each year shall include a statement of monies due, if any, by reason of Buyer's failure to take the full amount of





deficiency volumes required to be made up, if at all, during the preceding year, showing the deficiency volumes not taken and how the price or prices applicable to such deficiency volumes were determined.

3. Analyses:

Buyer shall, in the presence of representative of Seller, from time to time and as frequently as is found expedient in practice, but not more often than once a year, conduct such tests and measurements and determine and agree with the Buyer upon the average analysis of Gas delivered at each delivery point.

The tests and measurements shall be carried out in a manner mutually acceptable to Seller and Buyer; the analyses shall be made by Buyer by the low temperature fractional distillation method, or some other improved method acceptable to both Seller and Buyer, and such measurements, tests and analyses shall determine the Gas volume percentage composition of the Gas from which the following factors shall be computed;

- (a) The GPM of LPG;
- (b) The GPM of pentanes plus;
- (c) The LPM of sulfur;
- (d) The content of any other material being extracted and saved.

4. Allocation of Residue Gas:

The allocation of residue Gas from Buyer's Gas Processing Plant at Taylor, British Columbia, shall be made to each delivery point delivering Gas to said plant in the proportion that the Gas delivered during such month from each such delivery point bears to the total Gas delivered to said plant in such month from leases.



5. Payment:

Full payment for all Gas delivered to Buyer hereunder during each calendar month shall be made by Buyer to Seller on or before the twenty-fifth (25th) day of the following month. All payments accruing to Seller hereunder shall be made to Phillips Petroleum Company at its Calgary office or such other place in Canada or the United States as it shall designate. Seller may, from time to time, designate another person, firm or corporation to accept payments hereunder, such designation to be made in writing, and from and after receipt by Buyer of such new designation Buyer shall thereafter make such payments to such person, firm or corporation.

ARTICLE XIV

ESTIMATES OF REQUIREMENTS

In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimates of requirements of Gas during each of the following six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

ARTICLE XV

POSSESSION OF GAS

1. Point of Delivery Controls:

As between the parties to this agreement, Seller shall be deemed to be in control and possession of the Gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.



2. Responsibility:

Buyer shall have no responsibility with respect to any Gas deliverable under this agreement until it is delivered into the facilities of Buyer, or on account of anything which may be done, happen or arise with respect to such Gas before such delivery, and Seller shall have no responsibility with respect to such Gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such Gas after such delivery.

ARTICLE XVI

WARRANTY AND TITLE OF GAS

Seller warrants generally the title to all Gas delivered to Buyer hereunder and its right to sell the same, and warrants that such Gas shall be free and clear of all liens and adverse claims.

ARTICLE XVII

FORCE MAJEURE

No failure or delay in performance of this contract by either party hereto shall be deemed to be a breach of this contract when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the Queen's enemies, wars, sabotage, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and pepples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, temporary failure of Gas supply because of freezing of wells or delivery facilities or hydrate obstructions of pipe, inability to obtain pipe, materials or equipments, the binding order of any Court or Governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; provided, that no cause or contingency shall







relieve Buyer of its obligation to make payments due hereunder.

ARTICLE XVIII

MISCELLANEOUS

1. Nonwaiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.

2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:

SELLER: Natural Gas Department  
Phillips Petroleum Company  
Bartlesville, Oklahoma  
U.S.A.

with carbon copy to

Natural Gas Department  
Phillips Petroleum Company  
Calgary, Alberta  
Canada

BUYER: Westcoast Transmission Company Limited  
700 Pacific Building  
Calgary, Alberta  
Canada

or at such other address as either party shall designate by formal written notice.



Routine communications, including monthly statements and payments, shall be considered as fully delivered when mailed by either registered or ordinary mail.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment:

Neither party hereto shall assign this contract or any of its rights or obligations hereunder without the consent in writing of the other party, provided, that Seller may, without such consent, assign this contract and all its rights and obligations hereunder to any party which shall acquire all of its interest in the Leases in the lands comprised in Schedule "A" hereto, and Buyer may, without such consent, assign this contract and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system of Buyer, including Buyer's plant in which the Gas delivered hereunder may be processed. The provisions of this Section 5 shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this contract or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

6. Modification:

There shall be no modification of the terms and provisions hereof except by



the formal execution of supplementary written contracts.

7. Provincial Laws:

This contract shall be construed in accordance with the laws of the Province of British Columbia.

8. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production, history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify.

ARTICLE XIX

ARBITRATION

Such matters as are herein specifically designated as matters for arbitration in the event Buyer and Seller cannot agree shall be submitted for arbitration in the following manner, that is to say:

Within twenty (20) days after the written request of either party hereto for arbitration, the parties hereto shall agree upon and appoint one arbitrator.

In case the parties shall fail to name an arbitrator within twenty (20) days after the written request of any party for arbitration, application for the appointment of an arbitrator shall be made within ten (10) days after the expiration of such twenty (20) day period to any Judge of the Supreme Court of British Columbia. The arbitrator so selected shall have all the powers given by The Arbitration Act, being Chapter XVI, Revised Statutes of





British Columbia, 1948, or any Act in amendment or in substitution therefor.

The decision of the sole arbitrator selected as above shall be final and binding on the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto caused their respective corporate seals to be affixed, attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.

ATTEST:

PHILLIPS PETROLEUM COMPANY

"R. E. Arnole"  
Assistant Secretary

By "Paul Endacott"  
President

SELLER

Signed, Sealed and Delivered

)  
)  
)

WESTCOAST TRANSMISSION COMPANY LIMITED

"Frank M. McMahon"

"Chas. R. Hetherington"

BUYER





CANADA )  
 )  
PROVINCE OF \_\_\_\_\_ )  
 )  
TO WIT: )

I, \_\_\_\_\_, of \_\_\_\_\_ in the  
Province of \_\_\_\_\_, Canada, make oath and say:

1. That I was personally present and did see \_\_\_\_\_  
named in the within instrument, who is personally known to me to be the person named therein,  
duly sign, seal and execute the same for the purposes named therein.

2. That the same was executed at \_\_\_\_\_ in the  
Province of \_\_\_\_\_, and that I am the subscribing witness thereto.

3. That I know the said \_\_\_\_\_ and he is in my belief  
of the full age of twenty-one years.

Sworn before me at \_\_\_\_\_ )  
in the Province of \_\_\_\_\_ )  
this \_\_\_\_\_ day of \_\_\_\_\_ )  
A.D., 1956. )

\_\_\_\_\_  
A Commissioner for Oaths in and for the  
Province of \_\_\_\_\_

STATE OF OKLAHOMA )  
 )  
COUNTY OF WASHINGTON )  
 )  
TO WIT: )  
 )

I, \_\_\_\_\_, of \_\_\_\_\_ in  
The County of Washington, State of Oklahoma, make oath and say:

1. That I was personally present and did see \_\_\_\_\_ named  
in the within instrument, who is personally known to me to be the person named therein, duly  
sign, seal and execute the same for the purposes named therein.

2. That the same was executed at Bartlesville in the County of Washington, State of  
Oklahoma, and that I am the subscribing witness thereto.

3. That I know the said \_\_\_\_\_ and he is in my belief  
of the full age of twenty-one years.

Sworn before me at Bartlesville )  
in the County of Washington )  
this \_\_\_\_\_ day of \_\_\_\_\_ )  
A.D., 1956. )

\_\_\_\_\_  
Notary Public in and for Washington County, Oklahoma



SCHEDULE "A" TO THE GAS PURCHASE AGREEMENT  
 BETWEEN PHILLIPS PETROLEUM COMPANY AS SELLER  
 AND WESTCOAST TRANSMISSION COMPANY AS BUYER  
 DATED THE \_\_\_\_\_ DAY OF \_\_\_\_\_ A. D., 1956

<u>BRITISH COLUMBIA PERMIT NO.</u>	<u>DATE PERMIT ISSUED</u>	<u>GROSS ACRES</u>	<u>WORKING INTEREST OWNERSHIP</u>	<u>DATE OF PARTNERSHIP AGREEMENTS</u>	<u>REMARKS</u>
			(PHILLIPS' INTEREST NOT SUBJECT TO CANADA SOUTHERN AGREEMENT)		
# 95	July 29, 1950	28,000	Phillips Petroleum Company - 100.00000%		
# 177	Feb. 1, 1952	29,520	Phillips Petroleum Company - 50.00000% Fort St. John Petroleums Ltd. - 50.00000%	Nov. 21, 1955	Phillips does not earn its 50% working interest until completion of 2nd obligatory well.
			(PHILLIPS' INTEREST SUBJECT TO CANADA SOUTHERN AGREEMENT)		
# 149	Dec. 10, 1951	99,360	Phillips Petroleum Company - 100.00000%		
# 158	Dec. 10, 1951	48,612	Phillips Petroleum Company - 100.00000%		
# 212	Jan. 18, 1952	20,000	Phillips Petroleum Company - 100.00000%		









## PEACE RIVER GAS PURCHASING AGREEMENT

THIS CONTRACT, made this 22nd day of October, 1956, between PHILLIPS PETROLEUM COMPANY, a Delaware corporation with an office in the City of Calgary in the Province of Alberta (hereinafter called "Seller"), and WESTCOAST TRANSMISSION COMPANY LIMITED, a body corporate incorporated by Act of Parliament of Canada, with head office at the City of Calgary in the Province of Alberta (hereinafter called "Buyer"),

WITNESSETH, that in consideration of the mutual covenants hereinafter set forth it is mutually understood and agreed by and between the parties hereto as follows:

### ARTICLE I

#### REPRESENTATIONS

##### 1. Seller's Representations:

Seller represents that it owns or controls the interests in the natural gas rights in and under the Leases described in Schedule "A" hereto attached and by reference made a part hereof as therein stated and that it has full right, power and authority to sell and dispose of the Gas to be sold and purchased under the terms hereof free and clear of all encumbrances, and that Seller is now engaged in a drilling program for the purpose of testing and evaluating the said lands for the production of Gas.

##### 2. Buyer's Representations:

Buyer represents that it is now proceeding with the construction of a natural gas transmission pipeline (hereinafter referred to as "the pipeline") from gas fields in



northern Alberta and northern British Columbia to a point on the international boundary between the Province of British Columbia and the State of Washington. Buyer has entered into an agreement with Pacific Northwest Pipeline Corporation (hereinafter called "Pacific Northwest"), dated December 11, 1954, providing (a) for the sale by Buyer to Pacific Northwest of 300,000 Mcf of Gas per day at the connection with the pipeline facilities of Pacific Northwest at the international boundary near Sumas, Washington, and (b) giving Pacific Northwest the right to increase its contract demand above 300,000 Mcf of Gas per day by an additional 100,000 Mcf of Gas per day when there are available to Buyer under terms of Buyer's gas purchase contracts proven and recoverable reserves capable of providing such increased deliveries.

Buyer further represents that it has entered into an agreement with Pacific Northwest dated August 1, 1956, providing for an increase in the amount of Gas to be delivered by Buyer to Pacific Northwest at the said point on the international boundary of an additional volume of 250,000 Mcf per day and confirming its obligation to make delivery of the 100,000 Mcf of Gas per day above referred to, subject (a) to Buyer entering into gas purchase contracts under the terms of which it will be able to purchase additional supplies of Gas to transmit to the international border and make the same available to the said Pacific Northwest, and (b) to Buyer obtaining all necessary Governmental authorizations permitting it to sell and deliver the said additional volume of Gas to Pacific Northwest, and (c) to Buyer arranging to finance construction of the increased facilities required to transmit and deliver the said gas to Pacific Northwest, and (d) to Pacific Northwest obtaining all necessary Governmental authorizations permitting it to purchase and take delivery of the said additional volume of Gas and to arranging to finance construction of its increased facilities.



3. Seller's Performance with Diligence:

Seller agrees to carry on an exploration and development program, insofar as a prudent operator would do so, on the said lands described in Schedule "A" hereto attached, for the purpose of proving up natural gas reserves and making Gas available for sale to the Buyer under the terms hereof. However, upon the happening of any one of the following contingencies, to wit:

- (a) The failure of Pacific Northwest to procure from the Federal Power Commission on or before the 31st day of December, 1957, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States required to take delivery and transmit to its customers in the United States the increased volumes of Gas to be purchased by it under the terms of the agreement between the Buyer and Pacific Northwest dated August 1, 1956, hereinbefore referred to, and to procure a Presidential Permit authorizing construction by Pacific Northwest of the facilities to import Gas into the United States, and an authorization to import the said Gas into the United States upon terms and conditions satisfactory to Pacific Northwest;
- (b) The failure of the Buyer to procure from Government authorities in Canada on or before the 31st day of December, 1957, all Governmental authorizations necessary to enable the Buyer to export the increased volume of Gas to the United States, and to carry out the said agreement with Pacific Northwest;

CHAPTER I

The first part of the book is devoted to a general survey of the subject. It begins with a definition of the term "philosophy" and then proceeds to a discussion of the various branches of the subject. The author then discusses the history of philosophy and the different schools of thought that have developed over the centuries.

The second part of the book is devoted to a detailed examination of the various branches of philosophy. It begins with a discussion of metaphysics and then proceeds to a discussion of epistemology, ethics, and politics. The author then discusses the history of philosophy and the different schools of thought that have developed over the centuries.

The third part of the book is devoted to a detailed examination of the various branches of philosophy. It begins with a discussion of metaphysics and then proceeds to a discussion of epistemology, ethics, and politics. The author then discusses the history of philosophy and the different schools of thought that have developed over the centuries.

The fourth part of the book is devoted to a detailed examination of the various branches of philosophy. It begins with a discussion of metaphysics and then proceeds to a discussion of epistemology, ethics, and politics. The author then discusses the history of philosophy and the different schools of thought that have developed over the centuries.



- (c) The failure of Buyer to arrange to finance construction of the increased facilities required within six (6) months following the last date upon which the authorization referred to in Subsections (a) and (b) of this Section 3 are obtained;
- (d) The failure of the Buyer to complete the construction of its increased facilities within twenty-four (24) months following the last date upon which the authorization referred to in Subsections (a) and (b) of this Section 3 are obtained;

the Seller shall have the right to terminate this contract by written notice to be delivered to Buyer at any time within ninety (90) days after the happening of any such contingency.

4. Buyer's Performance with Diligence:

The Buyer agrees to proceed with diligence in an endeavor to procure the Governmental authorizations required for the export of the Gas to be purchased hereunder and the sale thereof to Pacific Northwest in accordance with the terms of the Buyer and Pacific Northwest dated the 1st day of August, 1956, and the financing and construction of the necessary increased facilities required for the transmission by the Buyer through its pipeline of the said additional volumes of Gas to be sold to the said Pacific Northwest. However, upon the happening of any of the following contingencies, to wit:

- (a) The failure of Pacific Northwest to procure from the Federal Power Commission on or before the 31st day of December, 1957, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States required to take delivery and transmit to its customers in





the United States the increased volumes of Gas to be purchased by it under the terms of the agreement between the Buyer and Pacific Northwest dated August 1, 1956, hereinbefore referred to, and to procure a Presidential Permit authorizing construction by Pacific Northwest of the facilities to import Gas into the United States, and an authorization to import the said Gas into the United States upon terms and conditions satisfactory to Pacific Northwest;

- (b) The failure of the Buyer to procure from Governmental authorities in Canada on or before the 31st day of December, 1957, all Governmental authorizations necessary to enable the Buyer to export the increased volume of Gas to the United States, and to carry out the said agreement with Pacific Northwest;
- (c) The failure of Seller to arrange to finance construction of the increased facilities required within six (6) months following the last date upon which the authorization referred to in Subsections (a) and (b) of this Section 4 are obtained;
- (d) The failure of the Seller to complete its facilities to deliver Gas hereunder by the time Buyer shall have completed its pipeline facilities required to take delivery of such Gas under the terms of this agreement, or by September 1, 1958, whichever is the later date;

the Buyer shall have the right to terminate this agreement by written notice to be delivered to Seller at any time within ninety (90) days after the happening of any such



contingency.

5. Nonwaiver of Remedies:

The right of each of the parties hereto to terminate this contract upon the happening of any of the contingencies described in Sections 3 or 4 of this Article I shall not exclude any other rights and remedies each party may have by reason of the other party's failure to proceed with diligence as herein provided.

ARTICLE II

DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this agreement shall have the following meanings:

1. The term "day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A. M. Pacific Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A. M. Pacific Standard Time on the first day of the calendar month and ending at Eight (8:00) A. M. Pacific Standard Time on the first day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning at Eight (8:00) A. M. January 1st and ending the next succeeding January 1st at Eight (8:00) A. M.
4. The term "cubic foot" shall mean the volume of gas which occupies one (1) cubic foot when such Gas is at a temperature of sixty degrees Fahrenheit (60° F.), and at a pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch absolute.
5. The term "Mcf" shall mean one thousand (1,000) cubic feet of Gas.
6. The term "British thermal unit" shall mean the amount of heat required to raise the temperature of one (1) pound of water one degree Fahrenheit (1° F.) at sixty degrees Fahrenheit (60° F.).





7. The term "total heating value", when applied to a cubic foot of Gas, means the number of British thermal units produced by the combustion in a recording calorimeter at constant pressure, of the amount of Gas which would occupy a volume of one (1) cubic foot at a temperature of sixty degrees Fahrenheit (60° F.), if saturated with water vapor, and under a pressure equal to that of thirty (30) inches of mercury at thirty-two degrees Fahrenheit (32° F.) and under standard gravitation force (acceleration nine hundred eighty and six hundred sixty-five thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the Gas, when the products of combustion are cooled to the initial temperature of the Gas and air, and when the water formed by combustion is condensed to the liquid state.
8. The term "Leases" shall mean and include the Petroleum and Natural Gas Permits and Licenses, the Exploration Permits, the Petroleum and Natural Gas Leases, Petroleum Leases and Natural Gas Leases granted by Her Majesty the Queen in the right of the Province of British Columbia, with respect to any of the lands described in Schedule "A" attached hereto and made a part hereof, together with all Petroleum and Natural Gas Permits and Licenses, Exploration Permits, Petroleum and Natural Gas Leases, Petroleum Leases and Natural Gas Leases; which may be granted pursuant to, or as a consequence of, or in substitution for any of the foregoing with respect to any of the lands described in Schedule "A" attached hereto and made a part hereof and in addition thereto any other agreement or document by virtue of which the Seller is entitled to own, drill for and produce and sell Gas from any of the said lands described in Schedule "A" attached hereto and made a part hereof.
9. The term "Gas" means natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
10. The term "gallon" means imperial gallon.
11. The term "barrel" means a barrel of thirty-five (35) gallons.
12. The term "GPM" means gallons per Mcf.
13. The term "LPG" means liquefied petroleum gas consisting of propane and/or butane.





14. The term "GPM of LPG" means the GPM of propane and butane.
15. The term "pentanes plus" means pentanes and heavier hydrocarbons.
16. The term "GPM of pentanes plus" means the GPM of pentanes and heavier hydrocarbons.
17. The term "LPM" means pound per Mcf.
18. The term "LPM of sulfur" means the LPM of sulfur.

### ARTICLE III

#### TERM

Subject to prior termination under the provisions of Article I or Section 4 of Article VI hereof, this contract shall remain in force and effect from the date hereof for the term of the Leases described in Schedule "A", and subject to the renewal thereof, as long thereafter as natural gas shall be produced from the lands covered by the leases in such amount as in Seller's judgment is profitable to the Seller, or until the amount of natural gas available to Buyer hereunder shall no longer be profitable in Buyer's judgment to the Buyer.

### ARTICLE IV

#### AVAILABILITY OF GAS

##### 1. Gas Reserves under Contract:

Seller represents that the Leases covered by this contract may be subject to renewal from time to time as provided in said Leases and Seller is entitled to sell or dispose of its interest in all Gas produced from the lands as described in Schedule "A" hereto attached. Subject to the provisions of this contract, and to the availability of Gas from said Leases, Seller agrees to sell and deliver to Buyer the volumes of Gas to be sold

1. The first part of the document is a letter from the President of the United States to the Congress.

2. The second part is a report from the Secretary of the Treasury on the state of the Union.

3. The third part is a report from the Secretary of the Navy on the state of the Navy.

4. The fourth part is a report from the Secretary of the War on the state of the War.

5. The fifth part is a report from the Secretary of the Interior on the state of the Interior.

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14. The fourteenth part is a report from the Secretary of the War on the state of the War.

15. The fifteenth part is a report from the Secretary of the Navy on the state of the Navy.

16. The sixteenth part is a report from the Secretary of the Interior on the state of the Interior.

17. The seventeenth part is a report from the Secretary of the Agriculture on the state of the Agriculture.

18. The eighteenth part is a report from the Secretary of the Commerce on the state of the Commerce.

19. The nineteenth part is a report from the Secretary of the Education on the state of the Education.

20. The twentieth part is a report from the Secretary of the Health on the state of the Health.

21. The twenty-first part is a report from the Secretary of the Labor on the state of the Labor.

and purchased in accordance with the terms hereof, produced and saved from Seller's interest in the lands covered by the Leases as shown on Schedule "A", excepting and reserving, however, the following rights:

- (1) The right to use such Gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require for development of Seller's properties described in Schedule "A", including, but not limited to, the use of Gas for fuel, drilling, development and operating said properties (including repressuring, cycling and pressure maintenance) for the production of oil, Gas or other minerals.
- (2) The right to operate the Leases covered by this contract free from any and all control by Buyer, in such manner as Seller, in its sole discretion, deems advisable, including, without limitation, the right to drill new wells, repair or rework old wells, and to abandon any well or wells which Seller deems no longer profitable.
- (3) The right to process or to have processed for it such Gas for the extraction of hydrocarbons and to retain and dispose of (free from any and all claims by Buyer) any and all liquids recovered by or for Seller from the Gas prior to delivery of the Gas to Buyer; provided that, with respect to fields located north of the Peace River, Seller shall limit such processing to mechanical separation of Gas produced from any well having more than 0.5 GPM of pentanes plus where the separation of liquids will not reduce the liquid content below 0.5 GPM of pentanes

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plus, and to incidental separation inadvertently effected in the dehydration of the Gas for water vapor removal and other handling as required by this agreement. In the event Seller elects to process Gas from fields south of Peace River, Seller will install and operate adequate equipment to determine the average heating value of the gas during each month at the intake of the processing facilities and at the outlet of the plant, and to measure the quantities of the processed gas. In the event the average heating value of such processed gas during any month is below 1,000 Btu per cubic foot, then the price of such processed gas delivered in such month as stipulated in Article VI, Section 1, below, shall be adjusted by multiplying that price by a fraction, the numerator of which is the average heating value of such gas so processed during such month and the denominator of which is either the average heating value of the intake gas or 1,000 Btu, whichever is the smaller figure.

- (4) The right to use such Gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for Seller (provided that such processing plants are located in the respective fields comprised in the lands described in Schedule "A", but whether or not the processing plants are owned by other than Seller) or for effecting delivery of the Gas to Buyer, it being recognized by Buyer that Gas so used by the Seller, and Gas lost through process shrinkage or gathering operations,





is reserved to Seller.

- (5) It is the intention of the parties hereto that the maximum quantity of recoverable Gas reserves underlying lands covered by Leases described in Schedule "A" attributable to the interests covered by Buyer's gas purchase contracts shall be a volume equal to one and one-half trillion cubic feet. Based upon geological information now available, it is considered probable that such recoverable Gas reserves may be in excess of one and one-half trillion cubic feet. Therefore, it is agreed that not later than October 1, 1958, and thereafter at the request of either party (but not oftener than once each year) Seller shall make an estimate of the total recoverable reserves of Gas underlying the lands described in Schedule "A" as of the date of this agreement attributable to the interest of parties with whom Buyer has gas purchase contracts covering such lands, and in the event the estimate of such reserves as made by Seller and approved by Buyer shall exceed one and one-half trillion cubic feet, Seller shall have the right to delete from said Schedule "A", and thereafter from any and all terms of this agreement, Seller's interest in such portion of the lands described therein to be selected by Seller and approved by Buyer, as shall represent recoverable Gas reserves in excess of one and one-half trillion cubic feet. In making the selection of the lands which are to be deleted from Schedule "A", as above provided, consideration





[The text in this block is extremely faint and illegible. It appears to be a series of paragraphs of text, possibly a letter or a report, but the content cannot be discerned.]



shall be given to the following:

- (a) Lands in which Seller's interest is retained in the Schedule and subject to this agreement shall have as nearly as practicable the average deliverability and underlying gas reserves of the entire lands covered by the Leases described in said Schedule;
- (b) To as great an extent as possible considering the foregoing, the lands so deleted shall be at not less than equal stages of development as the retained acreage and as nearly as practicable, in solid blocks of contiguous acreage;
- (c) Subject to the foregoing, the preference should be given to deletion of acreage which will result in the smallest amount of abandonment or changing by Buyer of facilities constructed to take Gas hereunder.

In the event the parties hereto shall be unable to agree upon the estimated reserves and/or the acreage to be retained and the acreage to be deleted, such determinations shall be made by arbitration as hereinafter provided.

- (6) The right at all times to sell and dispose of volumes of surplus Gas which Buyer is not purchasing and which Seller, in its sole judgment and in good faith, considers prudent to establish as a reasonable rate of production of gas from its fields in order to prevent drainage and

# Introduction

The purpose of this study is to investigate the effects of various factors on the growth of a specific plant species. The study was conducted over a period of six months, during which time the plants were grown under different conditions and their growth was measured.

The factors that were investigated include the amount of light, the amount of water, and the amount of fertilizer. The plants were grown in a controlled environment, and their growth was measured using a standard method.

The results of the study show that the amount of light has a significant effect on the growth of the plant. The plants that received the most light grew the fastest, while the plants that received the least light grew the slowest. The amount of water and the amount of fertilizer also had an effect on the growth of the plant, but the effect was not as significant as the effect of light.

The study also found that the growth of the plant was affected by the interaction of the different factors. For example, the plants that received the most light and the most water grew the fastest, while the plants that received the least light and the least water grew the slowest. This suggests that the factors interact in a complex way to affect the growth of the plant.

The results of this study have important implications for the cultivation of this plant species. It shows that the amount of light is the most important factor for the growth of the plant, and that the amount of water and the amount of fertilizer are also important factors.

Further research is needed to investigate the effects of these factors on the growth of other plant species, and to determine the optimal conditions for the cultivation of this plant species.

The study was funded by the National Science Foundation, and the results were published in the Journal of Plant Biology.

The authors would like to thank the National Science Foundation for its support of this research, and the Journal of Plant Biology for its publication of these results.

to permit Seller to produce its allowable quantity of oil or condensate. Subject to the above, Seller agrees not to sell surplus Gas in quantities which would deplete Seller's reserves to the extent that such reserves equal less than 10,000,000 Mcf for each 1,000 Mcf of the then daily maximum contract quantity of Gas which Seller is obligated to deliver hereunder to Buyer, said 10,000,000 Mcf being reduced by three and sixty-five-hundredths per cent (3.65%) as of the end of each calendar year of the term of this contract.

2. Maintenance of Leases:

Seller shall not be required to retain nonproducing lands which, in Seller's judgment, appear to be potentially nonproductive or that have been condemned by neighboring development, nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit. Before releasing any gas lease on any such lands however, Seller shall give Buyer timely notice of such intended release, and, upon demand by Buyer, assign to Buyer its interest in such gas lease (subject to Buyer's assumption of Seller's unaccrued liabilities with respect to the interest assigned), upon payment by Buyer to Seller for Seller's interest in the salvage value of any casing and other equipment of Seller in any well or wells located on the lands covered thereby; provided, that Seller shall not be liable to Buyer if, by reason of inadvertence, Seller shall fail to maintain any leasehold right or shall fail to give notice to Buyer of its intention to surrender or permit the same to lapse.



3. Limitation to Legal Production:

The volumes of Gas that Seller shall be obligated to deliver to Buyer hereunder shall be limited to volumes of Gas which can be legally produced from the Seller's interest in the wells located on the lands covered by this contract, less the volumes of Gas excepted and reserved as provided in this contract.

4. Exchange of Acreage:

It is understood that for the purpose of consolidating acreage subject to this contract, Seller shall have the right to exchange any acreage subject to this contract for other acreage having no commitment in conflict with this contract and having underlying gas reserves and potential capacity to deliver Gas at least equal to the underlying gas reserves and potential capacity to deliver Gas of the acreage for which it is exchanged; provided, however, that no such exchange shall be made which will prevent Seller from furnishing Gas to Buyer in accordance with the other provisions of this contract or diminish the amount of the gas reserves available to Buyer under this contract immediately prior to such exchange. Before making any such exchange, Seller shall notify Buyer and, in the event the parties hereto shall be unable to agree concerning the volumes of the underlying gas reserves and the potential capacity to deliver Gas of the acreages to be so exchanged, the determination of the volumes of such reserves and the potential capacity to deliver Gas shall be made by an engineering firm to be selected by Seller from a list of three engineering firm to be designated by Buyer, which shall be firms of high standing in their profession and experienced in the computation of gas reserves, and the determination made by such engineering firm shall be binding upon both parties hereto, the fee of such engineering firm shall be borne by Seller. Upon such







exchange, the gas leases covering acreage covered by this contract and so exchanged shall be released from all provisions of this contract and the gas leases covering the acreage substituted therefor shall become subject to all the provisions of this contract.

5. Substitution of Deliveries:

It is agreed that Seller shall have the right at any time and from time to time to substitute deliveries of Gas produced from lands not subject to this contract for deliveries of Gas hereunder, provided Seller shall deliver such substituted Gas into Buyer's facilities at its own cost and expense and such substituted Gas shall meet the quality requirements of this contract; provided, that as to Gas substituted for deliveries from points north of Peace River, the substituted Gas shall not contain less by-products than that which would otherwise have been delivered. If Seller so elects to make deliveries of Gas, during any period, from lands not subject to this agreement, Seller shall have the right to produce and dispose of (free from the obligations hereunder) an equal volume of Gas from the lands covered by this agreement. Prior to tender of any substitute Gas hereunder, Seller shall notify Buyer of the time, place and volumes to be substituted and designate the delivery point or points to which substituted volumes are to be applicable.

ARTICLE V

SALE AND PURCHASE OF GAS

1. Contract Volumes:

Subject to the provisions of this contract, from and after completion of construction of Buyer's increased facilities but not later than January 1, 1960, Seller agrees to sell and deliver to Buyer and Buyer agrees to purchase and receive from Seller, or pay for whether taken or not, an average daily volume of Gas each year (herein referred to as



the "contract volume") fixed as follows: For each 10,000,000 Mcf of recoverable reserves underlying lands covered by the Leases described in Schedule "A" dedicated to Buyer hereunder or under contracts between Buyer and others owning gas rights in such lands, Buyer will purchase 1,000 Mcf per day, up to an aggregate total of 150,000 Mcf per day. That part of such total average daily purchases which bears the same relation to the whole which the Gas which Seller has the right to sell from such reserves bears to the total which Buyer has the right to purchase from such reserves under such contracts, adjusted as of the first of the year following completion of each reserve determination provided for in Subsection (5) of Section 1 of Article IV hereof, shall be the contract volume hereunder; provided, however, that such contract volume shall not be less than an annual volume of Gas equal to ninety per cent (90%) of the total annual volume of Gas purchased from British Columbia fields (exclusive of deficiency volumes purchased pursuant to Section 3 of this Article V) multiplied by the maximum day volume obligation set forth in Section 2 of this Article V and divided by the maximum day volume obligation of all sellers under contract to Buyer producing Gas from British Columbia fields. The contract volume shall be taken ratably from each of the various delivery points established by Seller in proportion to the amount of Seller's interest in recoverable reserves underlying the Leases described in Schedule "A" within the area from which Gas will be delivered to such delivery point.

2. Maximum and Minimum Day Volume Obligations:

The maximum volume of Gas Buyer shall be entitled to purchase and receive in any one (1) day and which Seller, subject to the ability of the wells to produce, shall sell and deliver to Buyer, shall be one hundred twenty-five per cent (125%) of the contract volume in effect at the time. In the event Seller is unable for a period of





fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum volumes herein specified when Buyer is ready and able to accept same, Buyer shall have the right to reduce the contract volume to eighty per cent (80%) of the average daily volume Seller did supply during such fifteen (15) day period; provided, however, that upon Seller remedying or partially remedying the deficiency within the following calendar year, the original contract volume shall be reinstated to the extent of eighty per cent (80%) of the maximum volume Seller then demonstrates it can deliver. Buyer agrees that it will purchase and receive not less than sixty-five per cent (65%) of the contract volume in any day.

3. Make Up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January 1st of each year, in the event the total volume of Gas purchased by Buyer from Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed by law, be less than a volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of Gas not so purchased by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding calendar year and paid for at the price or prices applicable to the date or dates when such Gas shall be delivered, and any such deficiency volume of Gas not so accepted and purchased during such succeeding calendar year shall be paid for by Buyer at the end of such succeeding calendar year at the price provided in this contract applicable to the volume of Gas delivered on the last day of such succeeding calendar year following that in which the deficiency occurred. Such deficiency volume of Gas accepted and purchased by Buyer during any such succeeding calendar year to make up deficiencies in purchases during the preceding calendar year shall not be deemed to be a part of the annual volume of Gas required to be accepted and purchased by Buyer

[The text on this page is extremely faint and illegible. It appears to be a multi-paragraph document, possibly a letter or a report, with several lines of text visible across the page. The content is too blurry to transcribe accurately.]

hereunder during the succeeding calendar year; provided, however, that the Seller shall not be required to deliver Gas at daily rates in excess of the maximum daily rate in effect as specified in Section 2 of this Article V. No Gas delivered during any such succeeding calendar year shall be deemed to be Gas delivered to make up deficiencies in purchases during the preceding year until the Buyer has received the whole of the annual volume of Gas required to be accepted and delivered to Buyer during such succeeding calendar year.

## ARTICLE VI

### PRICE

1. Fields South of the Peace River:

The Buyer agrees to pay to the Seller for all Gas delivered hereunder, and for volumes of Gas which Buyer may become obligated to pay for if not taken, from fields south of the Peace River prior to January 1, 1978, the following prices:

	<u>Per Mcf Cents</u>
For the period following the first delivery of Gas to January 1, 1962	10 ¢
For the year 1962	10-1/4¢
For the year 1963	10-1/4¢
For the year 1964	10-1/4¢
For the year 1965	10-1/2¢
For the year 1966	10-1/2¢
For the year 1967	10-3/4¢
For the year 1968	11 ¢
For the year 1969	11-1/4¢
For the year 1970	11-1/2¢
For the year 1971	11-3/4¢
For the year 1972	12 ¢
For the year 1973	12 ¢
For the year 1974	12-1/4¢
For the year 1975	12-1/2¢
For the year 1976	12-1/2¢
For the year 1977	12-1/2¢



1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud. The document also notes that records should be kept for a sufficient period of time to allow for a thorough review in the event of an audit.

2. The second part of the document outlines the specific requirements for record-keeping. It states that all transactions must be recorded in a clear and concise manner, and that the records must be accessible to all authorized personnel. The document also requires that records be kept in a secure location and that they be protected from unauthorized access or destruction.

3. The third part of the document discusses the role of the auditor in the record-keeping process. It states that the auditor is responsible for verifying the accuracy and completeness of the records and for reporting any discrepancies to the appropriate authorities. The document also notes that the auditor should maintain a separate record of all findings and recommendations.

4. The fourth part of the document discusses the importance of training and education for all personnel involved in the record-keeping process. It states that all personnel should be trained in the proper methods of record-keeping and should be kept up-to-date on any changes in the requirements. The document also notes that training should be provided to all personnel, regardless of their position or level of experience.

5. The fifth part of the document discusses the importance of regular reviews and audits of the record-keeping system. It states that the system should be reviewed on a regular basis to ensure that it is still effective and that it is in compliance with all applicable laws and regulations. The document also notes that audits should be conducted by independent personnel who are not involved in the day-to-day operations of the system.

Appendix A: Sample Record-Keeping Form	
Date	
Time	
Location	
Personnel	
Activity	
Remarks	

Appendix B: Sample Record-Keeping Form	
Date	
Time	
Location	
Personnel	
Activity	
Remarks	

2. Fields North of the Peace River:

The Buyer agrees to pay to the Seller for all Gas delivered hereunder, and for volumes of Gas which Buyer may become obligated to pay for if not taken, from fields north of the Peace River prior to January 1, 1978, a price per Mcf equal to the sum of the following component parts:

- (a) A price per Mcf of the residue Gas from Buyer's Gas Scrubbing Plant located in the vicinity of Taylor, British Columbia, attributable to deliveries from Seller's wells, equal to the prices set forth in Section 1 of this Article VI;
- (b) A price per Mcf of gas delivered to Buyer from Seller's wells based on (i) its pentanes plus content, (ii) its LPG content, (iii) its sulfur content, and (iv) its content of any other material extracted and sold from Buyer's said Taylor, British Columbia, plant as provided in Section 3 of this Article VI;

provided, that such price shall not be less than the price per Mcf set out in Section 1 of this Article VI plus the value, in the field, of distillates that would be separated per Mcf in conventional wellhead separators.

3. By-products Price Schedule:

The portion of the price per Mcf for Gas delivered from fields north of the Peace River based on by-products shall be the total of the component prices per Mcf for pentanes plus, LPG, sulfur and other material extracted and sold, determined for each delivery point as follows:

- (a) The component price for pentanes plus per Mcf of Gas delivered obtained by multiplying the GPM of pentanes

THEORY OF THE EARTH

The theory of the earth is a branch of geology which deals with the origin and development of the earth and its various parts. It is a science which seeks to explain the processes which have shaped the earth and its features. The theory of the earth is based on the study of the earth's structure and its history. It is a science which seeks to explain the processes which have shaped the earth and its features.

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plus by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 3, and by the average price for pentanes plus being received by Buyer, F. O. B. its Gas Processing Plant. The adjustment for actual monthly plant production hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of pentanes plus during the month and the denominator of which shall be the sum of the pentanes plus contained in the Gas delivered by all sellers during the month.

- (b) The component price of LPG per Mcf of Gas delivered obtained by multiplying the GPM of LPG by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 3 and by the average price for LPG being received by Buyer, F. O. B. its Gas Processing Plant. The adjustment for actual monthly plant production as hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of LPG during the month and the denominator of which shall be the sum of the LPG contained in the Gas delivered by all sellers during the month.
- (c) The component price for sulfur per Mcf of Gas delivered obtained by multiplying the LPM of sulfur by the adjustment for actual monthly plant production as hereinafter defined, by the applicable



percentage set forth in Subsection (e) of this Section 3, and by the average price for sulfur being received by Buyer, F. O. B. its Gas Processing Plant. The adjustment for actual monthly plant production hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of sulfur during the month and the denominator of which shall be the sum of the sulfur contained in the Gas delivered by all sellers during the month.

- (d) The component price for other materials extracted and sold per Mcf of Gas delivered shall be determined in a manner comparable with the provisions of Subsections (a), (b) and (c) of this Section 3.
- (e) The applicable percentage to be employed in Subsections (a), (b), (c) and (d) of this Section 3 for the Gas delivered hereunder at each delivery point shall be as follows:

<u>GPM of Pentanes Plus in Gas</u>	<u>Applicable Percentage</u>
Less than 0.25	-0
Equal to 0.25 but less than 0.50	37%
Equal to 0.50 but less than 0.75	38%
Equal to 0.75 but less than 1.00	39%
Equal to or more than 1.00	40%

provided, however, notwithstanding anything hereinbefore set forth in this Article VI, the Buyer specifically reserves the right to renegotiate an equitable charge for processing raw Gas delivered at any delivery point which has a GPM of pentanes plus less than 0.25, and failing agreement, to discontinue accepting raw Gas at such delivery point.







4. Price after 1977

Prior to the 1st day of January, 1977, Seller and Buyer shall endeavour to determine by mutual agreement the price or prices to be paid for Gas delivered by Seller to Buyer after December 31, 1977. In the event Seller and Buyer are unable to mutually agree upon such price or prices, then Buyer shall continue to pay to Seller for all Gas delivered hereunder after the expiration of the year 1977, the price or prices computed in the same manner as hereinbefore provided for the year 1977 plus one cent (1¢) per Mcf for each five-year period commencing after December 31, 1977, subject, however, to the right of Seller, at any time after the expiration of the year 1977, to terminate this contract upon six (6) months' notice in writing.

5. Currency:

Except for Gas payments based upon by-product content, which shall be payable in Canadian currency without adjustment for difference in exchange rates, the following shall apply to payments to be made hereunder by Buyer to Seller.

- (a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States currency as published at Twelve o'clock (12:00) noon, Eastern Standard Time or Eastern Daylight Time, as the case may be, by The Bank of Montreal, The Royal Bank of Canada, and The Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five United States Cents (105¢) or not less than Ninety-five United States Cents (95¢) for One Canadian Dollar (\$1.00), then the total quantity of Gas delivered



by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.

(b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for the United States currency is:

(i) In excess of One Hundred and Five United States Cents (105¢) and is not more than One Hundred and Ten United States Cents (110¢) for One Canadian Dollar (\$1.00); or

(ii) Less than Ninety-five United States Cents (95¢) not less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00);

then the total quantity of Gas delivered by Seller to Buyer in each such month, subject to the provisions of Subsection (e) of this Section 5 shall be considered sold and purchased at the price in Canadian currency calculated as follows:

LET:

Pc = price payable in Canadian currency during the month;

C = the volume of Gas sold by Buyer out of the pipeline during such month to purchasers for use in Canada;

US = the volume of Gas sold by Buyer out of the pipeline during such month to purchasers for use in the United States;

P = price in the contract;

E = the average daily selling rate for Canadian currency during such month determined in accordance with the provisions of paragraph (a) above;



THEN:

In the case of (i):

$$P_c = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{105}{E} \right)$$

In the case of (ii):

$$P_c = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{95}{E} \right)$$

- (c) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten United States Cents (110¢) or is less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00) for nonconsecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for Gas delivered hereunder during such periods of time shall be adjusted in accordance with the formula set forth in Subsection (b) of this Section 5.
- (d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten United States Cents (110¢) or is less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00) for at least three (3) consecutive monthly periods, then the price payable by Buyer to Seller as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail, shall be renegotiated between Buyer and Seller, provided however, that pending completion of such renegotiation the price payable by Buyer to Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive





to the monthly periods during which the daily average selling rate for Canadian currency exceeded One Hundred and Ten United States Cents (110¢) or was less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00), and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price within six (6) months then Seller may, upon three (3) months' written notice to Buyer, terminate this contract.

- (e) In no event shall the value of "Pc" as calculated under the provisions of Subsections (b), (c) and (d) (for the period pending negotiation as provided therein) of this Section 5 exceed or be less than the value of "P", as the case may be, by more than One Cent (1¢) per Mcf of Gas delivered hereunder.

6. Adjustment Upon Alteration of Buyer's Resale Price:

If Buyer shall voluntarily grant, either directly or indirectly, a reduction in the price at which Pacific Northwest has contracted to purchase additional volumes of Gas for delivery near Sumas, Washington, such reduction shall operate to automatically increase the price to be paid hereunder as above provided by an equal amount per Mcf, effective at the same time as the reduction to Pacific Northwest becomes effective. In the event Pacific Northwest shall grant Buyer any increase in said resale price, Buyer will at the request of Seller, having regard to the circumstances under which Buyer obtains any such increase, pass on to Seller hereunder an increase equal to 50% of the amount of such increase per Mcf, to be effective at the same time as the increase granted to Buyer.

7. Price Accuracy:

All calculations with respect to the price of Gas shall be carried to the nearest one-hundredth of a cent.





ARTICLE VII

FAVORED NATIONS

In the event Buyer shall enter into any contracts for the purchase of Gas with any producer or producers of Gas, and actually take delivery of and pay for Gas delivered into the pipeline north of 54° North latitude in the Province of British Columbia during the term of this contract, upon terms more favorable to such producer or producers than the terms hereof, Seller shall have the right upon notice in writing to the Buyer to have this contract modified so as to make applicable to the sale and purchase of Gas hereunder such more favorable terms as are contained in the said contracts with said producer or producers. Buyer shall forthwith upon completion of any contracts with any producer or producers of Gas as aforesaid, serve upon the Seller a true copy of each such contract

ARTICLE VIII

ROYALTIES AND TAXES

1. Royalties:

Seller shall be responsible for and shall pay all royalties, levies, assessments, or charges of a like-nature payable to any Dominion, Provincial, Municipal or other authority of any person on or in respect of the Gas delivered hereunder and the by-products manufactured and sold therefrom.

2. Taxes:

Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon or in respect of the Gas delivered hereunder up to the point of delivery of the Gas to Buyer. All increases in such present gross production taxes, severance taxes and excise taxes upon or in respect of the total volume of Gas delivered hereunder or the production, gathering, transportation or handling thereof up to the point of



delivery of the Gas to Buyer and all increases in any tax on the pipelines in Seller's gathering system required to be paid by Seller, shall be borne three-quarters (3/4) by the Buyer and one-quarter (1/4) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.

## ARTICLE 1X

### DELIVERY POINTS AND PRESSURE

#### 1. Delivery Points:

The point or points of delivery for all Gas delivered hereunder (other than substituted volumes delivered pursuant to Article IV, Section 5) shall be at the outlet of the meter stations to be installed and operated by Seller at a central point in each field for all Gas to be produced by Seller from each such field; provided, however, that after Buyer has installed necessary lines and facilities to take Gas from delivery points in the areas covered by each of British Columbia Petroleum and Natural Gas Permits 95, 177, 149, 212, 158, 178, and 224, Buyer shall not thereafter be obligated to construct more than one mile of additional gathering line for each 10,000,000 Mcf of proved recoverable gas reserves made available to Buyer at the additional point or points under this or other gas purchase contracts.

#### 2. Delivery Pressure:

Seller shall not be required to install compression equipment to effect deliveries hereunder, when in its sole judgment, it would be uneconomical to do so, but to the extent the natural pressure of the wells will permit, all Gas sold and purchased hereunder shall be delivered together with any associated components in the dehydrated well stream deliverable hereunder, at the delivery





point in each of the said fields at pressures not in excess of one thousand (1,000) pounds per square inch gauge, and, during the first four years, not less than eight hundred (800) pounds per square inch gauge nor at pressures less than five hundred (500) pounds per square inch gauge during the second four (4) years of deliveries hereunder. Thereafter Buyer will accept deliveries at the said delivery points at less than five hundred (500) pounds per square inch gauge but not less than one hundred (100) pounds per square inch gauge. In the event Gas is delivered at less than two hundred and fifty (250) pounds per square inch gauge, Buyer shall deduct by way of allowance for compression costs the sum of three-quarter cents (3/4¢) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, for such Gas so compressed. In the event Gas from any field can be made available for delivery at pressures less than one hundred (100) pounds per square inch gauge, Seller and Buyer will consult together for the purpose of determining the terms and conditions upon which Buyer will accept delivery of such Gas and any associated components in the dehydrated well stream deliverable hereunder taking into consideration the cost of compression to make them available to the pipeline. In the event the parties hereto reach no agreement in a reasonable period, Seller may terminate this contract insofar as such low pressure Gas is concerned by giving Buyer thirty (30) days' written notice.

## ARTICLE X

### QUALITY

#### 1. Specifications for Gas Delivered from Fields South of the Peace River:

The following quality specifications shall be applicable to Gas delivered hereunder from gas fields south of the Peace River:

##### (a) Solids:

Seller shall deliver such Gas in condition commercially free from objectionable solid matter, dust, gums and gum-forming constituents





which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows.

(b) Oxygen:

Buyer may reject and refuse to accept any such gas at any time having an oxygen content in excess of one per cent (1%) by volume, and Seller shall make every reasonable effort to keep the Gas free from oxygen.

(c) Liquids:

Seller will process such Gas as required to deliver the Gas free of water and hydrocarbons in liquid form. The Gas shall not contain water vapor in excess of three (3) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate Gas to a dewpoint less than zero degrees Fahrenheit (0° F.) at the delivery pressure. Buyer may reject any such Gas containing liquefiable hydrocarbon content (pentanes and heavier) in excess of two hundred (200) United States gallons per million cubic feet, or Buyer may at Buyer's sole discretion accept Gas containing greater liquefiable hydrocarbon content for such period or periods as Buyer may prescribe from time to time, but Seller shall not be required to install facilities to reduce the pentanes and heavier contents of any Gas tendered by it for delivery hereunder.



(d) Hydrogen Sulfide:

Buyer may reject any such Gas containing more than one-quarter (1/4) grain of hydrogen sulfide per one hundred (100) cubic feet, or Buyer may at Buyer's sole discretion accept Gas containing greater hydrogen sulfide content for such period or periods as Buyer may prescribe from time to time.

(e) Total Sulfur:

Buyer may reject any such Gas containing more than twenty (20) grains of total sulfur (hydrogen sulfide and mercaptan sulfur) per one hundred (100) cubic feet.

(f) Heating Value:

If for any month the average heating value of all Gas delivered from wells located south of Peace River shall be less than 950 British thermal units, Buyer may thereafter continue to accept such Gas, or may reduce volumes taken at the delivery point or points having the lowest heating value as required to bring the average heating value of such Gas from south of Peace River up to 950 Btu.

2. Specifications for Gas Delivered from Fields North of the Peace River:

Except for the right of Seller to extract as provided in Article IV, Section 3, the Gas delivered hereunder from fields north of the Peace River shall be the full dehydrated well stream as produced from natural gas wells or the dehydrated Gas stream issuing with oil from oil wells (whether produced from the same sand or strata from which the oil is produced or by the injection of Gas with compressors or other means for flowing the oil) and Gas vaporized from oil after



production, and shall conform to the specifications set forth in Subsections (a) to (c) inclusive of this Section 2.

(a) Oxygen:

Buyer may refuse to take any such Gas at any time having an oxygen content in excess of one per cent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

(b) Liquids:

Seller will process such Gas as required to deliver the Gas free of water in liquid form. The Gas shall not contain water vapor in excess of four (4) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate the Gas to a dewpoint less than ten degrees Fahrenheit (10° F.) at the delivery pressure; provided, however, that Buyer may at Buyer's sole discretion accept Gas containing greater water vapor content for such period or periods as Buyer may prescribe from time to time.

(c) Heating Value:

If for any month the average heating value of all Gas of Seller delivered from wells located north of the Peace River shall be less than 950 Btu, Buyer may thereafter either continue to accept such Gas or reduce volumes taken at the delivery point or points having the lowest heating value as required to bring





the average heating value of Gas of Seller from north  
of Peace River up to 950 Btu.

ARTICLE XI

MEASUREMENT

1. Unit of Volume:

The unit of volume of Gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article II hereof) shall be one (1) cubic foot at an absolute pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch at a temperature of sixty degrees Fahrenheit (60° F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of Gas delivered hereunder shall be measured by an orifice meter or meters and shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948.

3. Deviation from Boyle's Law:

The deviation of the Gas from Boyle's Law at the pressures and temperatures at which the Gas is metered shall be determined by tests or analyses each six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall





be used in computing the volumes of Gas delivered hereunder during the six (6) calendar months next following the taking of the sample from which such determination is made.

4. Specific Gravity:

The specific gravity of the Gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A at the beginning of delivery and thereafter as frequently as is found expedient in practice at the respective points where the Gas is metered hereunder, and the results of the determination at each point shall be used in computing the volumes of Gas metered at such point.

5. Flowing Temperature:

The flowing temperature of the Gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and the arithmetic average temperature each day shall be used in computing the deliveries of Gas during such day.

6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be thirteen and four-tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the Gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.



ARTICLE X11

MEASURING EQUIPMENT

1. Seller's Measuring Station:

Seller shall install, maintain and operate at the delivery points, at its own expense, suitable orifice type meters and other equipment necessary for the measurement of the volumes and temperatures of the Gas delivered hereunder, and shall also provide for the determination of heating values of all Gas delivered hereunder at the delivery points. Buyer shall have access to the measuring equipment of the Seller at all reasonable hours, but the calibrating and adjusting of the measuring equipment, and the changing of charts, shall be done only by the Seller.

2. Buyer's Residue Gas Measuring Station:

Buyer shall install, maintain and operate, at its own expense, suitable orifice type meter or meters and other equipment necessary for the measurement of the volumes and temperatures of all residue Gas produced from Buyer's plant located in the vicinity of Taylor, British Columbia. Seller shall have access to the measuring equipment of the Buyer at all reasonable hours, but the calibrating and adjusting of the measuring equipment, and the changing of charts, shall be done only by the Buyer.

3. Check Measuring Equipment:

Either party may install, maintain and operate, at its own expense check measuring equipment as desired, for the purpose of checking the other party's measuring equipment only, provided that such equipment shall be so installed as to not interfere with the operation of the other's measuring equipment.



4. Right to be Present:

Either party shall each have the right to be present at the installation, testing, cleaning, changing, repairing, inspecting, calibrating or adjusting, done in connection with the other party's measuring equipment used in measuring the Gas deliveries hereunder, and each shall be given reasonable notice thereof in order that the other may be present.

5. Calibration and Test of Meters:

The accuracy of the measuring equipment shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering correctly the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than two per cent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of Gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding two per cent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of fifteen (15) days.







6. Correction of Metering Errors:

In the event the measuring equipment is out of service or out of repair so that the quantity of Gas delivered is not correctly indicated by the reading thereof, the Gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available, using the first of the following methods which is feasible:

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter was registering accurately.

7. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least one (1) year, all test data, charts, and other records of Gas measurements. Either party desiring to preserve any records for a longer period may require the other party to deliver over to it such records which shall then be retained at the expense of such party desiring the same.

ARTICLE X111

STATEMENTS AND PAYMENTS

1. Production Statement:

Seller or its nominee shall render to Buyer, on or before the tenth (10th)



day of each calendar month, a statement of all Gas delivered to Buyer hereunder from each delivery point during the preceding calendar month.

2. Accounting by Buyer:

Buyer shall, on or before the twentieth (20th) day of each calendar month, furnish Seller with a statement showing the monies due Seller hereunder for the preceding month. The statement shall include an allocation to each delivery point from fields north of the Peace River of residue Gas, pentanes plus, LPG, sulfur, and any other material extracted and saved, and the payment payable therefor according to the procedure set forth in Sections 3 and 4 of this Article XIII. Statements rendered in January of each year shall include a statement of monies due, if any, by reason of Buyer's failure to take the full amount of deficiency volumes required to be made up, if at all, during the preceding year, showing the deficiency volumes not taken and how the price or prices applicable to such deficiency volumes were determined.

3. Analyses:

Buyer shall, in the presence of representative of Seller, from time to time and as frequently as is found expedient in practice, but not more often than once a year, conduct such tests and measurements and determine and agree with the Buyer upon the average analysis of Gas delivered at each delivery point from fields north of the Peace River.

The tests and measurements shall be carried out in a manner mutually acceptable to Seller and Buyer; the analyses shall be made by Buyer by the low temperature fractional distillation method, or some other improved method acceptable to both Seller and Buyer, and such measurements, tests and analyses shall determine the Gas volume percentage composition of the Gas from which the following factors



shall be computed:

- (a) The GPM of LPG;
- (b) The GPM of pentanes plus;
- (c) The LPM of sulfur;
- (d) The content of any other material being extracted and saved.

4. Allocation of Residue Gas:

The allocation of residue Gas from Buyer's Gas Processing Plant at Taylor, British Columbia, shall be made to each delivery point delivering Gas to said plant in the proportion that the Gas delivered during such month from each such delivery point bears to the total Gas delivered to said plant in such month from leases north of the Peace River.

5. Payment:

Full payment for all Gas delivered to Buyer hereunder during each calendar month shall be made by Buyer to Seller on or before the twenty-fifth (25th) day of the following month. All payments accruing to Seller hereunder shall be made to Phillips Petroleum Company at its Calgary office or such other place in Canada or the United States as it shall designate. Seller may, from time to time, designate another person, firm or corporation to accept payments hereunder, such designation to be made in writing, and from and after receipt by Buyer of such new designation, Buyer shall thereafter make such payments to such person, firm or corporation.





ARTICLE XIV

ESTIMATES OF REQUIREMENTS

In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimates of requirements of Gas during each of the following six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

ARTICLE XV

POSSESSION OF GAS

1. Point of Delivery Controls:

As between the parties to this agreement, Seller shall be deemed to be in control and possession of the Gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

2. Responsibility:

Buyer shall have no responsibility with respect to any Gas deliverable under this Agreement until it is delivered into the facilities of Buyer, or on account of anything which may be done, happen or arise with respect to such Gas before such delivery, and Seller shall have no responsibility with respect to such Gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such Gas after such delivery.





ARTICLE XVI

WARRANTY AND TITLE OF GAS

Seller warrants generally the title to all Gas delivered to Buyer hereunder and its right to sell the same, and warrants that such Gas shall be free and clear of all liens and adverse claims.

ARTICLE XVII

FORCE MAJEURE

No failure or delay in performance of this contract by either party hereto shall be deemed to be a breach of this contract when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the Queen's enemies, wars, sabotage, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, temporary failure of Gas supply because of freezing of wells or delivery facilities or hydrate obstructions of pipe, inability to obtain pipe, materials or equipments, the binding order of any Court or Governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; provided that no cause or contingency shall relieve Buyer of its obligation to make payments due hereunder.



ARTICLE XV111

MISCELLANEOUS

1. Nonwaiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.

2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:

SELLER: Natural Gas Department  
Phillips Petroleum Company  
Bartlesville, Oklahoma  
U. S. A.

with carbon copy to

Natural Gas Department  
Phillips Petroleum Company  
Calgary, Alberta  
Canada

BUYER: Westcoast Transmission Company Limited  
700 Pacific Building,  
Calgary, Alberta  
Canada

or at such other address as either party shall designate by formal written notice.

Routine communications, including monthly statements and payments, shall be



considered as fully delivered when mailed by either registered or ordinary mail.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment:

Neither party hereto shall assign this contract or any of its rights or obligations hereunder without the consent in writing of the other party, provided, that Seller may, without such consent, assign this contract and all its rights and obligations hereunder to any party which shall acquire all of its interest in the Leases in the lands comprised in Schedule "A" hereto, and Buyer may, without such consent, assign this contract and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system of Buyer, including Buyer's plant in which the Gas delivered hereunder may be processed. The provisions of this Section 5 shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this contract or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.





6. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. Provincial Laws:

This contract shall be construed in accordance with the laws of the Province of British Columbia.

8. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production, history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify.

ARTICLE XIX

ARBITRATION

Such matters as are herein specifically designated as matters for arbitration in the event Buyer and Seller cannot agree shall be submitted for arbitration in the following manner, that is to say:

Within twenty (20) days after the written request of either party hereto for arbitration, the parties hereto shall agree upon and appoint one arbitrator. In case the parties shall fail to name an arbitrator within twenty (20) days after the written request of any party for arbitration, application for the appointment of an arbitrator shall be made within ten (10) days after the expiration of such twenty (20) day period to any Judge of the Supreme Court



of British Columbia. The arbitrator so selected shall have all the powers given by the Arbitration Act, being Chapter XVI, Revised Statutes of British Columbia, 1948, or any Act in amendment or in substitution therefor. The decision of the sole arbitrator selected as above shall be final and binding on the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto caused their respective corporate seals to be affixed, attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.

ATTEST:

PHILLIPS PETROLEUM COMPANY

"R. E. Arnole"  
Assistant Secretary

By "Paul Endacott"  
President

SELLER

Signed, Sealed & Delivered)  
)  
)  
)

WESTCOAST TRANSMISSION COMPANY LIMITED

"Frank M. McMahon"

"Chas. R. Hetherington"

BUYER



CANADA )  
 )  
PROVINCE OF \_\_\_\_\_ )  
 )  
TO WIT: )

I, \_\_\_\_\_, of \_\_\_\_\_ in the  
Province of \_\_\_\_\_, Canada, make oath and say:

1. That I was personally present and did see \_\_\_\_\_  
named in the within instrument, who is personally known to me to be the person named therein,  
duly sign, seal and execute the same for the purposes named therein.

2. That the same was executed at \_\_\_\_\_ in the Province  
of \_\_\_\_\_, and that I am the subscribing witness thereto.

3. That I know the said \_\_\_\_\_ and he is in my  
belief of the full age of twenty-one years.

Sworn before me at \_\_\_\_\_ )  
in the Province of \_\_\_\_\_ )  
this \_\_\_\_\_ day of \_\_\_\_\_ )  
A. D., 1956. )

\_\_\_\_\_  
A Commissioner for Oaths in and for the  
Province of \_\_\_\_\_

STATE OF OKLAHOMA )  
 )  
COUNTY OF WASHINGTON )  
 )  
TO WIT: )

I, \_\_\_\_\_, of \_\_\_\_\_  
in the County of Washington, State of Oklahoma, make oath and say:

1. That I was personally present and did see \_\_\_\_\_ named in  
the within instrument, who is personally known to me to be the person named therein, duly  
sign, seal and execute the same for the purposes named therein.

2. That the same was executed at Bartlesville in the County of Washington, State of  
Oklahoma, and that I am the subscribing witness thereto.

3. That I know the said \_\_\_\_\_ and he is in my  
belief of the full age of twenty-one years.

Sworn before me at Bartlesville)  
in the County of Washington )  
this \_\_\_\_\_ day of \_\_\_\_\_ )  
A. D., 1956. )

\_\_\_\_\_  
Notary Public in and for Washington County, Oklahoma





SCHEDULE "A" TO THE GAS PURCHASE AGREEMENT  
 BETWEEN PHILLIPS PETROLEUM COMPANY AS SELLER  
 AND WESTCOAST TRANSMISSION COMPANY LIMITED AS BUYER  
 DATED THE \_\_\_\_\_ DAY OF \_\_\_\_\_ A. D., 1956.

British Columbia Permit No.	Date Permit Issued	Gross Acres	Working Interest Ownership		Date of Partnership Agreements	Remarks
			(Phillips' Interest not Subject to Canada Southern Agreement)	(Phillips' Interest Subject to Canada Southern Agreement)		
# 95	July 29, 1950	28,000	Phillips Petroleum Company	- 100.0000%	Nov. 21, 1955	Phillips does not earn its 50% working interest until completion of 2nd obligatory well.
# 177	Feb. 1, 1952	29,520	Phillips Petroleum Company	- 50.0000%		
			Fort St. John Petroleums Ltd.	- 50.0000%		
			(Phillips' Interest Subject to Canada Southern Agreement)			
# 149	Dec. 10, 1951	99,360	Phillips Petroleum Company	- 100.0000%	Oct. 8, 1954	Fargo Oils Ltd. & Gulf States Oil Company of Canada jointly own 15% "Net Carried Interest" and 2-1/2% of 8/8 override.
# 158	Dec. 10, 1951	48,612	Phillips Petroleum Company	- 100.0000%		
# 212	Jan. 18, 1952	20,000	Phillips Petroleum Company	- 100.0000%		
# 431	July 25, 1952	29,478	Phillips Petroleum Company	- 100.0000%		
# 207)	Jan. 25, 1952	49,280)	Phillips Petroleum Company	- 100.0000%		
# 208)	Jan. 18, 1952	51,200)			May 19, 1954	
# 209)	Jan. 25, 1952	49,504)				
# 218)	Feb. 1, 1952	98,944)	Phillips Petroleum Company	- 67.5000%		
# 219)	Feb. 1, 1952	99,072)	West Canadian Petroleums Ltd.	- 10.0000%		
# 220)	Feb. 1, 1952	99,334)	Canadian Pipe Lines Producers Ltd.	- 10.0000%		
# 221)	Feb. 1, 1952	100,000)	Trans Empire Oils Ltd.	- 12.5000%		
# 222)	Feb. 1, 1952	98,451)				
# 223)	Feb. 1, 1952	97,241)				
# 269)	Feb. 1, 1952	100,000)				
# 270)	Feb. 1, 1952	99,993)				
# 271)	Feb. 1, 1952	99,766)				
# 275)	Feb. 1, 1952	95,420)				
			Phillips Petroleum Company	- 55.5000%	May 19, 1954	
# 178)	Feb. 1, 1952	58,598)	West Canadian Petroleums Ltd.	- 10.0000%		
# 224)	Feb. 1, 1952	55,660)	Canadian Pipe Lines Producers Ltd.	- 22.0000%		
			Trans Empire Oils Ltd.	- 12.5000%		







PHILLIPS PETROLEUM COMPANY  
Bartlesville, Oklahoma

November 7, 1956

Rights of Termination -  
Peace River Gas Purchase  
Agreement and Savanna  
Creek Gas Purchase Agreement

File: 2-St-182-56-NG

Westcoast Transmission Company Limited  
700 Pacific Building  
CALGARY, Alberta, Canada

Gentlemen:

Under date of October 22, 1956, Phillips Petroleum Company joined with you in signing and delivering into escrow the following contracts:

Initial Gas Purchase Agreement, Peace River Area  
Peace River Gas Purchase Agreement  
Savanna Creek Gas Purchase Agreement

Article V, Section 1, of each of said contracts, in describing the "contract volume", refers to reserves under certain described lands which are "dedicated to Buyer hereunder or under contracts between Buyer and others owning gas rights in such lands". This quoted language is intended to describe those reserves which underlie the described lands and are attributable to the interests of parties with whom Buyer has gas purchase contracts covering such lands. The term "dedicated" merely describes the relationship which you, as Buyer, bear to such reserves under such gas purchase contracts.

This letter will serve as a memorandum of our agreement that, as to both said Peace River Gas Purchase Agreement and Savanna Creek Gas Purchase Agreement, in addition to the rights of termination given to the Buyer in Section 4 of Article I, if after bona fide efforts to finance construction of the facilities or additional facilities required for compliance with its agreement in each instance within one year following the last date upon which the authorizations described in Subsections (a) and (b) of Section 4 are obtained, Westcoast is unable to arrange such financing it may, within ninety days following the end of such year, terminate such contract by delivery of written notice of intent to terminate to Phillips.

Will you please note your approval in the space below and return two fully executed copies for Phillips' files in order that we may have an appropriate memorandum of the interpretation and modification above outlined.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

Approved this 14th day of November, 1956

WESTCOAST TRANSMISSION COMPANY  
LIMITED

By: /s/ B.F. Stradley  
Vice President

By: /s/ Chas. R. Hetherington  
Vice President









January 4th, 1955.

Westcoast Transmission Company (Alberta) Ltd.,  
700 Petroleum Building,  
CALGARY, Alberta.

Gentlemen:

This Company has determined upon the fields from which it wishes to draw its gas supply in Alberta. We would therefore be obliged if you would proceed and obtain contracts for supply of gas from the following fields at the maximum day volumes set out. The contracts to be in the draft form, copy of which is attached. This Company will at the time of execution of the contracts by you also execute a guarantee to be affixed to the contracts undertaking to carry out all the terms and conditions of the contract. The fields and volumes referred to above are as follows: -

<u>Field:</u>	<u>Max. Day MMcf at 15.025</u>
Belloy	15
Braeburn	30
Dunvegan	11
Gordondale	40
Pouce Coupe Extension	1
Pouce Coupe	20
South Pouce Coupe	30
Tangent	35
Whitelaw	25
Saddle Hills	8

Yours very truly,

WESTCOAST TRANSMISSION COMPANY LIMITED,

BY "D.P. McDonald"  
D.P. McDonald - Vice-President.

DPM:FM









DATED

1st February, A. D. 1955.

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BETWEEN:

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,

The "Seller" of the First Part,

- and -

WESTCOAST TRANSMISSION COMPANY LIMITED,

The "Buyer" of the Second Part.

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A G R E E M E N T

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1. The first part of the document is a letter from the President of the United States to the Congress, dated January 1, 1801. It is a very important document, as it is the first time that the President has addressed the Congress since the establishment of the office.

2. The second part of the document is a report from the Secretary of the Treasury, dated January 1, 1801. It is a very important document, as it is the first time that the Secretary of the Treasury has reported to the Congress since the establishment of the office.

3. The third part of the document is a report from the Secretary of the Navy, dated January 1, 1801. It is a very important document, as it is the first time that the Secretary of the Navy has reported to the Congress since the establishment of the office.

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THIS AGREEMENT made this 1st day of February, A.D. 1955,

BETWEEN:

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,  
a body corporate with head office at the City  
of Calgary, in the Province of Alberta,

(hereinafter called the "Seller")

OF THE FIRST PART,

- and -

WESTCOAST TRANSMISSION COMPANY LIMITED,  
a body corporate incorporated by Act of  
Parliament of Canada, with head office at  
the City of Calgary, in the Province of  
Alberta,

(hereinafter called the "Buyer")

OF THE SECOND PART.

WITNESSETH that in consideration of the mutual covenants  
hereinafter set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between  
the parties hereto as follows:-

#### ARTICLE I

#### REPRESENTATIONS

##### 1. Seller's Representations:

The Seller represents that it proposes to construct and operate  
a natural gas gathering system for the purpose of gathering the gas produced in  
fields in the Peace River area of Alberta to be sold and delivered by the  
Seller to the Buyer at a point approximately Three (3) miles east of the Alberta-  
British Columbia border.



2. Buyer's Representations:

The Buyer represents that it proposes to construct and operate a natural gas transmission line, (hereinafter referred to as the "pipeline"), from gas fields in northern Alberta and northern British Columbia to a point on the International Boundary between the Province of British Columbia and the State of Washington near Sumas, Washington, and serve customers in British Columbia en route. The Buyer will sell gas at a connection in the vicinity of Sumas to a pipeline system to be constructed by Pacific Northwest Pipeline Corporation to serve consumers in the Western United States.

3. Seller's Performance with Diligence:

Seller agrees to proceed with diligence to procure all governmental authorities, permits and licenses necessary for the construction and operation of the pipeline system to be constructed and operated by it and upon procuring the same, to proceed with diligence with the construction of the said pipeline system as required to carry out the purpose and intention of this Agreement; HOWEVER, upon the happening of any one of the following contingencies, to wit:-

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction





and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States containing terms and conditions satisfactory to such customer or customers;

- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956;

Buyer shall have the right to terminate this contract by written notice to be delivered to Seller not later than Thirty (30) days after the happening of such contingency.

4. Buyer's Performance with Diligence:

The Buyer agrees to proceed with diligence with its endeavours to procure all Governmental authorities, permits and rights necessary for the construction and operation of its pipeline, and upon procuring the same to proceed with diligence with the construction of its said pipeline facilities. HOWEVER, upon the happening of any one of the following contingencies, to wit:-

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction

THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
5408 S. UNIVERSITY AVENUE  
CHICAGO, ILL. 60637  
TEL. (312) 937-1234

PROF. J. D. JARVIS  
1000 UNIVERSITY AVENUE  
ANN ARBOR, MICH. 48106

DR. J. D. JARVIS  
1000 UNIVERSITY AVENUE  
ANN ARBOR, MICH. 48106

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and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States containing terms and conditions satisfactory to such customer or customers;

- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956;

Seller shall have the right to terminate this contract by written notice to be delivered to Buyer not later than Thirty (30) days after the happening of such contingency.

5. Non-Waiver of Remedies:

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described in Sections 3 and 4 of this Article I, shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.

ARTICLE II

TERM

1. Except as provided in Article I, this Agreement shall be and remain in force and effect from and after the date of first delivery of gas hereunder until the following January First, and thereafter for a period of Twenty-two (22) years, and from year to year thereafter until terminated on Eighteen (18) months' notice in writing given by either party to the other.



ARTICLE III

DEFINITIONS

Except where the context expressly states another meaning the following terms when used in this Agreement shall have the following meanings:-

1. The term "day" shall mean a period of Twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A.M. Pacific Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A.M. on the First day of the calendar month and ending at Eight (8:00) A.M. on the First day of the next succeeding calendar month.
3. The term "year" shall mean a period of Twelve (12) consecutive months beginning with the month during which natural gas is first delivered.
4. The term "cubic foot" shall mean the volume of gas which occupies One (1) cubic foot when such gas is at a temperature of Sixty Degrees Fahrenheit (60°F.), and at a pressure of Fourteen and Seventy-three Hundredths (14.73) pounds per square inch absolute.
5. The term "Mcf." shall mean One Thousand (1,000) cubic feet of gas.
6. The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of One (1) pound of water One Degree Fahrenheit (1°F.) at Sixty Degrees Fahrenheit (60°F.).
7. The term "total heating value", when applied to a cubic foot of gas, means the number of British Thermal Units produced by the



combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of One (1) cubic foot at a temperature of Sixty Degrees Fahrenheit (60°F.), if saturated with water vapor, and under a pressure equal to that of Thirty (30) inches of mercury at Thirty-two Degrees Fahrenheit (32°F.) and under standard gravitational force (acceleration Nine Hundred and Eighty and Six Hundred and Sixty-five Thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.

8. The term "Buyer" shall mean Westcoast Transmission Company Limited.
9. The term "Seller" shall mean Westcoast Transmission Company (Alberta) Ltd.

#### ARTICLE IV

##### ACQUISITION OF GAS CONTRACTS

1. The Seller shall upon the request of the Buyer proceed to enter into such contracts for the purchase and sale of natural gas produced in fields in the Peace River area of Alberta as the Buyer shall require from time to time.





2. The Seller shall not enter into any contract to purchase gas until the terms of any such contract have been approved by the Buyer.

ARTICLE V

SALE AND PURCHASE OF GAS

1. The Buyer agrees to take and purchase from the Seller, and Seller agrees to sell and deliver to the Buyer all of the gas purchased by the Seller from producers in the Peace River area of northern Alberta under the terms of the said contracts entered into in accordance with the terms of Article IV hereof.

ARTICLE VI

PRICE

1. The Seller agrees to sell and deliver, and the Buyer agrees to accept and pay for all gas delivered by the Seller to the Buyer hereunder at the price and upon the terms set out in the said contracts entered into in accordance with the terms of Article IV hereof, together with an additional payment per Mcf. of gas delivered by the Seller to the Buyer which will provide for the payment of the costs, charges and expenses of the Seller in gathering the said gas including a reasonable return upon the investment in the pipeline facilities constructed by the Seller, PROVIDED HOWEVER that the Seller shall not be obligated to deliver to the Buyer gas sold by the Seller to customers in the Province of Alberta.

ARTICLE VII

FINANCING AND MANAGEMENT

1. Unless otherwise agreed between the parties, the Buyer under-



takes and agrees to arrange for the financing of the construction and initial operation of the pipeline facilities of the Seller required for gathering the gas hereinbefore mentioned, and will provide the management and supervision of the operations of the Seller.

#### ARTICLE VIII

##### DELIVERY POINT AND PRESSURE

1. Delivery Point:

The gas to be delivered by Seller to Buyer under this Agreement shall be delivered at one location approximately Three (3) miles east of the Alberta-British Columbia boundary in the vicinity of the Pouce Coupe field.

2. Delivery Pressure:

The gas delivered by Buyer at the point of delivery shall be delivered within the range required for accurate metering as shall from time to time exist under operating conditions of the pipeline system of Seller at the point of delivery and at such varying pressures as required to permit the operation of the Buyer's pipeline system as an integral part of the Seller's transmission system.

#### ARTICLE IX

##### QUALITY

All gas delivered by Seller to Buyer shall conform with the following specifications:-

1. Specifications:

The gas delivered hereunder shall be natural gas and shall conform to the specifications set forth under Sections 3 to 8 inclusive of this Article IX.



2. Processing:

The term "natural gas" means natural gas obtained from the wells or the residue remaining after the natural gas has been subjected to any or all of the following permissible processes:-

- (a) The removal from the natural gas as obtained from the wells of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
- (b) The subjection of the gas to compression, regulation, cooling, cleaning, or any other chemical or physical process, to such extent as may be required in its production, gathering, transmission, storage, removal from storage and delivery to Buyer.
- (c) The addition of such other gases or vapors as in Seller's judgment may be necessary or desirable for the purpose of making the gas conform to the specifications set forth in Sections 3 to 8 inclusive of this Article IX or for the purpose of improving the service rendered by Seller to Buyer or other purchasers of gas from Seller.

3. Odors and Solids:

The gas shall be commercially free from objectionable odors, solid matter, dust, gums and gum-forming constituents which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows.





4. Oxygen:

The gas shall not at anytime have an oxygen content in excess of One Percent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

5. Liquids:

The gas shall be free of water and hydrocarbons in liquid form and shall not contain an amount of moisture exceeding that corresponding to saturation at the temperature and pressure of the gas at the meter inlet header located at the point of delivery.

6. Hydrogen Sulphide:

The gas shall not contain more than One (1) grain of hydrogen sulphide per One Hundred (100) cubic feet.

7. Total Sulphur:

The gas shall not contain more than Twenty (20) grains of total sulphur (hydrogen sulphide and mercaptan sulphur) per One Hundred (100) cubic feet.

8. Heating Value:

The gas shall have a total heating value per cubic foot of not less than Nine Hundred and Fifty (950) nor more than One Thousand, One Hundred and Twenty-five (1,125) British Thermal Units.



ARTICLE X

MEASUREMENT

1. Unit of Volume

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be one (1) cubic foot at an absolute pressure of Fourteen and Seventy-three Hundredths (14.73) pounds per square inch at a temperature of Sixty Degrees Fahrenheit (60°F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935 and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted Report.



3. Deviation from Boyle's Law:

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of Six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of gas delivered hereunder during the Six (6) calendar months next following the taking of the sample from which such determination is made.

4. Specific Gravity:

The specific gravity of the gas delivered hereunder shall be determined by the method prescribed in the American Petroleum Institute Code No. 50-A at the beginning of delivery and thereafter as frequently as is found expedient in practice at some point on Seller's pipeline where the sample of gas used in the determination may be truly representative of the gas flowing in Seller's pipeline at the time of determination and the results of the determination shall be used in computing the volumes of gas delivered hereunder.

5. Flowing Temperatures:

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with recommendations contained in the said Gas Measurement Report No. 2 and the arithmetic average temperature each day shall be used in computing the deliveries of gas during each day.



6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be Thirteen and Four Tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the gas delivered hereunder shall be determined by means of a recording calorimeter using the Thomas principle of calorimeter or its equal.

ARTICLE XI

MEASURING EQUIPMENT

1. Seller's Measuring Station:

Seller shall instal, maintain and operate at its own expense equipment required for the measurement of the volumes of all gas delivered hereunder at the place of delivery. Seller shall instal, maintain and operate at its own expense equipment required for the measurement of total heating value at a point on Seller's pipeline where the sample of gas used in the determinations may be truly representative of the gas delivered by Seller to Buyer and the arithmetic average of the computed daily total heating values shall be used in determining compliance with the specifications set out in Section 8 of Article IX. Buyer shall have access to the measuring equipment of the Seller at all reasonable hours, but the calibrating and adjusting of the measuring equipment and the changing of charts shall be done only by the Seller.





2. Check Measuring Equipment:

Buyer may instal, maintain and operate at its own expense check measuring equipment as desired providing that such equipment shall be so installed as to not interfere with the operation of the Seller's measuring equipment at or near the point of delivery.

3. Right to be Present:

The Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating, or adjusting, done in connection with the measuring equipment used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.

4. Calibration and Test of Meters:

The accuracy of the measuring equipment at the point of delivery shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification, the measuring equipment shall be found to be registering correctly, the cost of such verifications shall be charged to and borne by the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than Two Percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding Two Percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such



correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of Fifteen (15) days.

5. Correction of Metering Errors:

The volume of gas delivered by Seller to Buyer and received by the Buyer shall be determined by the volume of gas measured by the measuring equipment of the Seller. In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available using the first of the following methods which is feasible:-

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

6. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least Ten (10) years all test data, charts and other records of gas measurements.



ARTICLE XII

STATEMENTS AND PAYMENTS

1. Billing:

On or before the Tenth (10th) day of each calendar month, Seller shall render a statement to Buyer for all natural gas delivered to Buyer under this Agreement during the preceding calendar month. Such statement shall set forth the complete computation or basis of determination of the quantities, amounts or other data used in computing the statement. Each party shall have the right at all reasonable times to examine the books, records and charts of the other party, to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any of the provisions of this Agreement.

2. Payments:

Buyer shall pay to Seller, at Seller's office at the place from time to time specified in accordance with the provisions of Section 2 of Article XVI, on or before the Fifteenth (15th) day of each month for the natural gas delivered under this Agreement by Seller to Buyer during the preceding calendar month as billed by Seller in the Statement for said month.

ARTICLE XIII

POSSESSION OF GAS

1. Point of Delivery Controls:

As between the parties to the gas sales contract, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.





2. Responsibility:

Buyer shall have no responsibility with respect to any gas deliverable under the gas sales contract until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery, and Seller shall have no responsibility with respect to such gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery.

ARTICLE XIV

WARRANTY AND TITLE OF GAS

1. The Seller warrants generally the title to all gas delivered to the Buyer hereunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.

ARTICLE XV

FORCE MAJEURE

1. No failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary or permanent failure of gas supply, inability to obtain pipe, materials or equipment, the binding order of any court or governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; provided that no cause



or contingency shall relieve Buyer of its obligation to make payment for gas delivered hereunder.

ARTICLE XVI

MISCELLANEOUS

1. Non-Waiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.

2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:-

SELLER: WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,  
7th Floor, Petroleum Building,  
Calgary, Alberta;

BUYER: WESTCOAST TRANSMISSION COMPANY LIMITED,  
7th Floor, Petroleum Building,  
Calgary, Alberta;

or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.



3. Examination of Records:

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. Compliance with Laws:

This contract and respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment:

Neither party hereto shall assign this Agreement or any of its rights or obligations hereunder without the consent in writing of the other party; provided that Seller may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the assets of Seller, and Buyer may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the gas distribution system and related assets of Buyer. The provisions of this Section 5 shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

6. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. Provincial Laws:

This Agreement shall be construed in accordance with the Laws of the Province of Alberta.



ARTICLE XVII

ARBITRATION

1. If any dispute arises between the parties to this contract relating to matters in connection with the interpretation or construction of the provisions hereof or any other dispute, such dispute shall be settled by arbitration in the following manner, that is to say:-

Within Twenty (20) days after the written request of either party hereto for arbitration, the parties hereto shall agree upon and appoint one arbitrator. In case the parties shall fail to name an arbitrator within Twenty (20) days after the written request of any party for arbitration, application for the appointment of an arbitrator shall be made within Ten (10) days after the expiration of such Twenty (20) day period to any Judge of the Supreme Court of Alberta. The arbitrator so selected shall have all the powers given by The Arbitration Act, being Chapter 111, Revised Statutes of Alberta, 1942, or any Act in amendment or in substitution therefor. The decision of the sole arbitrator selected as above shall be final and binding on the parties hereto.

ARTICLE XVIII

CANCELLATION OF PREVIOUS CONTRACT

1. Seller and Buyer agree that this contract, as of the date hereof,













DATED: February 1st A. D. 1955

REVISED TO: August 9, A D. 1957

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BETWEEN:

PACIFIC PETROLEUMS LTD. ,

The "Seller" of the First Part,

- and -

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD. ,

The "Buyer" of the Second Part.

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GAS PURCHASE AGREEMENT

Re: South Pouce Coupe  
Alberta

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OFFICE CONSOLIDATION

OFFICE CONSOLIDATION





THIS AGREEMENT made this 1st day of February, A.D. 1955

Revised to and including August 9, 1957.

BETWEEN:

PACIFIC PETROLEUMS LTD., a body corporate  
having an office at the City of Calgary in the  
Province of Alberta (hereinafter called the "Seller")

OF THE FIRST PART,

- and -

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,  
a body corporate with head office at the City of Calgary,  
in the Province of Alberta, (hereinafter called the "Buyer")

OF THE SECOND PART.

WITNESSETH that in consideration of the mutual covenants herein-  
after set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the  
parties hereto as follows:

#### ARTICLE I

#### REPRESENTATIONS

##### I. Buyer's Representations:

The Buyer represents that it proposes to construct and operate a natural gas gathering system for the purpose of gathering the gas produced in fields in the Peace River area of Alberta to be sold and delivered by the Buyer to Westcoast Transmission Company Limited at a point approximately three (3) miles East of the British Columbia border. Westcoast Transmission Company Limited proposes to construct and operate a natural gas transmission line for the transmission of gas from the gas fields in northern Alberta including gas to be sold by the Seller to the



Buyer hereunder, and northern British Columbia to a point on the International Boundary between the Province of British Columbia and the State of Washington near Sumas, Washington, and serve customers in British Columbia en route. The Westcoast Transmission Company Limited will sell gas at a connection in the vicinity of Sumas to a pipeline system to be constructed to serve consumers in the Western United States.

2. Seller's Representations:

Seller represents that it owns or controls an interest in the natural gas rights in and under the lands described in Schedule "A" hereto attached and by reference made a part hereof, as therein more particularly described.

The Seller further represents that the Seller is willing, subject to the provisions of this contract, except as to gas reserved to the Seller as herein provided, to make available to the pipeline to be constructed by Buyer its gas produced from the said lands.

3. Buyer's Performance with Diligence:

The Buyer agrees to proceed with diligence with its endeavours to procure all Governmental authorities, permits and rights necessary for the construction and operation of its pipeline, and upon procuring the same to proceed with diligence with the construction of its said pipeline facilities. HOWEVER, upon the happening of any one of the following contingencies, to wit:-



- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A. D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the western United States containing terms and conditions satisfactory to such customer or customers.
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A. D. 1956,

the Seller shall have the right to terminate this contract by written notice to be delivered to Buyer at any time after happening of any such contingency.

4. Seller's Performance with Diligence:

Seller agrees that it will be ready to deliver gas under this contract whenever the pipeline facilities of the Buyer are ready to receive the same. HOWEVER, upon the happening of any of the following contingencies, to wit:

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A. D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the western United States containing terms and conditions satisfactory to such customer or customers.
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A. D. 1956.
- (c) The failure of the Seller to complete its facilities to deliver gas hereunder to the Buyer not later than the day upon which Buyer shall have completed the pipeline facilities required to take deliveries of gas;



the Buyer shall have the right to terminate this contract by written notice to be delivered to Seller at any time after the happening of any such contingency.

5. Non-Waiver of Remedies:

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described in Sections 3 and 4 of this Article I shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.

ARTICLE II

TERM

I. Subject to prior termination under the provisions of Article I or Section 3 of Article VI hereof, this Agreement shall remain in force and effect from the date hereof for the term of the Leases in effect from time to time covering the lands described in Schedule "A" and, subject to the renewal thereof, as long thereafter as gas shall be produced from the lands covered by the Leases in such amount as in Seller's judgment is profitable to the Seller, or until the amount of gas available to Buyer hereunder shall no longer be profitable in Buyer's judgment to the Buyer.

ARTICLE III

DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this Agreement shall have the following meanings:-





1. The term "day" shall mean a period of Twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A. M. Pacific Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A. M. on the First day of the calendar month and ending at Eight (8:00) A. M. on the First day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning January First and ending December Thirty-first.
4. The term "cubic foot" shall mean the volume of gas which occupies One (1) cubic foot when such gas is at a temperature of Sixty Degrees Fahrenheit (60°F.), and at a pressure of Fifteen and Twenty-five thousandths (15.025) pounds per square inch absolute.
5. The term "Mcf" shall mean One Thousand (1,000) cubic feet of gas.
6. The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of One (1) pound of water One Degree Fahrenheit (1°F.) at Sixty Degrees Fahrenheit (60°F.).
7. The term "total heating value" when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of One (1) cubic



foot at a temperature of Sixty Degrees Fahrenheit (60° F.), if saturated with water vapor, and under a pressure equal to that of Thirty (30) inches of mercury at Thirty-two Degrees Fahrenheit (32° F.) and under standard gravitational force (acceleration Nine Hundred and Eighty and Six Hundred and Sixty-five Thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.

8. The term "Buyer" shall mean Westcoast Transmission Company (Alberta) Ltd.
9. The term "Seller" shall mean Pacific Petroleums Ltd. or its assignee.
10. The term "Lease" shall mean and include any document by virtue of which the Seller is entitled to own, drill for and produce and sell gas from the lands described in the Schedule "A" hereto attached.
11. The term "Westcoast Transmission Company Limited" shall mean and include the Westcoast Transmission Company Limited, a body corporate incorporated by Act of Parliament of Canada, or its successors or assigns.



12. The term "natural gas" means natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
13. The term "billing demand" means the total of the contract demand under the terms of the contract made between Westcoast Transmission Company Limited and Pacific Northwest Pipeline Corporation dated December 11th, 1954, and the maximum quantity of firm gas delivered by Westcoast Transmission Company Limited to its customers in British Columbia on any one day during the twelve months ending with the billing month, exclusive however, of gas delivered by Westcoast Transmission Company Limited to its customers both in Canada and the United States on an interruptible basis, that is to say, subject to curtailment or interruption upon notice by Westcoast Transmission Company Limited whenever and to the extent that in the sole judgment of Westcoast Transmission Company Limited such curtailment or interruption is necessary.

#### ARTICLE IV

#### AVAILABILITY OF GAS

1. Gas Reserves under Contract:





The Seller represents that all the Leases covered by this contract may be subject to renewal from time to time as in the said Leases provided and the Seller is entitled to sell or dispose of its interest as described in Schedule "A" hereto attached in all gas produced from the lands covered thereby. Subject to the possibility of termination of this contract as herein provided and the other provisions hereof, Seller hereby agrees to maintain its interest in the said Leases in full force and effect and apply for renewals thereof from time to time and to sell and deliver to Buyer the volumes of gas to be sold and purchased in accordance with the terms hereof, produced and saved from the lands covered by the Leases as shown on Schedule "A", excepting and reserving, however, the following rights:-

- (1) The right to use such gas produced from any one or more of said Leases, at the Seller's option, as Seller may need or require the same for development of Seller's properties situated within the same field, including, but not limited to, the use of gas for fuel, drilling, developing and operating said properties, for the production of oil, gas or other minerals.
- (2) The right to use such gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for the Seller (providing that such processing plants are located in the South Pouce Coupe Field, but whether or not the processing plants are owned by others than the Seller) or for effecting delivery of the gas to the Buyer, it being recognized by the Buyer that gas so used by the Seller, and gas lost through process shrinkage or gathering operations, is reserved to Seller.
- (3) The right to process or to have processed for it such gas.
- (4) The right, as between Buyer and Seller, to retain and dispose of, (free from any and all claims by Buyer), and all liquids



recovered by or for the Seller from the gas prior to delivery to the Buyer.

- (6) The right from time to time to sell and dispose of volumes of surplus gas which Buyer is not purchasing and which Seller, in its sole judgment and in good faith, considers prudent to establish as a reasonable rate of production of gas from the South Pouce Coupe Field. Subject to the above, Seller agrees not to sell surplus gas in quantities which would deplete Seller's reserves to the extent that such reserves equal less than 10,000,000 Mcf for each 1,000 Mcf of the then daily maximum contract quantity of gas which Seller is obligated to deliver hereunder to Buyer, said 10,000,000 Mcf being reduced by Four Percent (4%) each calendar year of the duration of this contract.

2. Maintenance of Leases:

Seller shall not be required to retain by payment of rentals lands which, in Seller's judgment, have been condemned by development, nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit, but before releasing any gas Lease on any such lands, Seller shall give Buyer timely notice that it proposes to release the same, and, upon demand by Buyer, assign to Buyer its interest in such gas Lease, upon payment by Buyer to Seller of the Seller's interest in the salvage value of any casing and other equipment of Seller in any well or wells located on the lands covered thereby. In the event Buyer shall, pursuant to the foregoing provisions, acquire any gas Leases, Buyer shall have the right to take into its pipeline gas produced from the lands covered by such Leases and the maximum volumes specified in Section I of Article V shall be reduced in like amount. PROVIDED that the provisions



of this paragraph shall not be construed to impose on the Seller any obligation to gather or treat such gas for the account of the Buyer.

3. Limitation to Legal Production:

The volumes of gas that Seller shall be obligated to deliver to Buyer under the terms of this contract shall be limited to volumes of gas which can be legally produced from the lands covered by this contract less the volumes of gas excepted and reserved as provided in this contract.

ARTICLE V

SALE AND PURCHASE OF GAS

1. Maximum Day Volumes:

The maximum volume of gas that Seller shall be required to sell and deliver to Buyer hereunder in any one day shall be the following volumes:-

<u>Period</u>	<u>Million Cu. Ft. per day</u>
For the period following the first delivery of gas to January 1, 1958:	-
For the following calendar year:	30
For the following calendar year, and for each calendar year thereafter:	30

For the period commencing with the first delivery of gas by the Seller to the Buyer up to and until the 31st day of December,



A. D. 1960, upon notice by the Seller to the Buyer as hereinafter provided, the maximum volume of gas that Seller shall be required to sell and deliver to Buyer in any one day, for the period contained in the said notice, shall be increased by the volumes set out in the said notice but not exceeding Thirty (30) million cubic feet per day.

The notice to be given by the Buyer to the Seller under the terms of the above paragraph shall be in writing. Notices as aforesaid may be given by the Buyer to the Seller at any time and from time to time provided that the total of the additional volumes of gas to be delivered to the Buyer shall not exceed Thirty (30) million cubic feet per day.

In the event that the Seller is unable for a period of Fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum day volumes specified in Section I of this Article V, when the Buyer is ready and able to accept the same, the Buyer shall have the right, in addition to any other right which Buyer may have under the terms of this Agreement, to reduce the volumes specified in Section I of this Article V in the proportion that the average daily deliveries during such Fifteen (15) day period bears to the maximum day volumes specified in Section I of this Article V, PROVIDED HOWEVER, upon the Seller remedying or partially remedying the deficiency within the following calendar year,





the applicable and maximum volume specified in Section I of this Article V shall be reinstated or partially reinstated, as the case may be.

In the event the United States customer of Buyer is not authorized to import the volumes specified in subsections (a), (b), and (c) of Section I of Article IV of the contract between the said customer and the Buyer dated December 11, 1954, then the Buyer shall have the right for the period customer is not authorized as aforesaid, to reduce the maximum volumes set out in Section I of this Article V in the proportion that the volumes authorized to be imported bear to the said volumes specified in the said contract. Due consideration shall be given to the Canadian markets of Buyer in determining the said proportionate reduction.

## 2. Contract Volumes:

Subject to the provisions of this contract, Seller agrees to sell and deliver and Buyer agrees to purchase and receive from Seller the maximum day volumes set forth in Section I of this Article V at a high load factor estimated at approximately eighty percent (80%) and the Buyer shall purchase and receive from Seller or pay for an annual volume of gas equal to ninety percent (90%) of the total annual volume of gas purchased from Alberta fields (exclusive of deficiency volumes purchased pursuant to Section 3 of this Article V) multiplied by the maximum day volume obligation



set forth in Section I of this Article V and divided by the total maximum day volume obligation of all Sellers under contract to Buyer producing gas from Alberta fields, PROVIDED HOWEVER, that the annual volume of gas from the South Pouce Coupe Field which Buyer shall receive or pay for during any year shall not be less than 263 times the maximum day volume obligation in effect from time to time, subject to other terms of this contract.

3. Make up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January First of each year, in the event the total volume of gas purchased by Buyer from Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed by law, be less than a volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of gas not so purchased by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding calendar year and paid for at the price or prices applicable to the date or dates when such gas shall be delivered, and any such deficiency volume of gas not so accepted and purchased during such succeeding calendar year shall be paid for by Buyer at the end of such succeeding calendar year at the price provided in this contract applicable to the volume of gas delivered on the last day of the calendar year in which the deficiency occurred. Such deficiency volume of gas accepted and purchased by Buyer during any such succeeding calendar year to make



up deficiencies in purchases during the preceeding calendar year shall not be deemed to be a part of the annual volume of gas required to be accepted and purchased by Buyer hereunder during the succeeding calendar year, PROVIDED HOWEVER, that the Seller shall not be required to deliver gas at daily rates in excess of the maximum daily rate in effect as specified in Section I of this Article V.

## ARTICLE VI

### PRICE

#### I. Price Schedule:

Subject to the adjustment hereinafter provided for, the Buyer agrees to pay to the Seller for all gas delivered or contracted to be delivered hereunder the base price as follows:

	<u>Per Mcf Cents</u>
For the period following the first delivery of gas to January 1, 1958	6¢
For the next ensuing five (5) years	10¢
For the sixth year	10-1/4¢
For the seventh year	10-1/4¢
For the eighth year	10-1/2¢
For the ninth year	10-1/2¢
For the tenth year	10-3/4¢
For the eleventh year	11¢
For the twelfth year	11-1/4¢
For the thirteenth year	11-1/2¢
For the fourteenth year	11-3/4¢
For the fifteenth year	12¢
For the sixteenth year	12¢
For the seventeenth year	12-1/4¢
For the eighteenth year	12-1/2¢
For the nineteenth year	12-1/2¢
For the twentieth year	12-1/2¢





2. Volume Adjustment:

For each month after January 1, 1958, during which the maximum billing demand billed to its customers by Westcoast Transmission Company Limited, is less than 460,000 Mcf per day, the prices set forth in paragraph (1) of this Article VI shall be reduced as follows:

<u>Average Monthly Maximum Day:</u>	<u>Adjustment Per Mcf - Cents</u>
Less than 460,000 but equal to or more than 425,000	1/2¢
Less than 425,000 but equal to or more than 400,000	3/4¢
Less than 400,000 but equal to or more than 375,000	1-3/4¢
Less than 375,000 but equal to or more than 350,000	2-3/4¢
Less than 350,000 but equal to or more than 325,000	3-1/4¢
Less than 325,000 but equal to or more than 300,000	3-3/4¢
Less than 300,000 but equal to or more than 250,000	4¢

3. Price after Twenty Years:

On or before the First day of January in the Twentieth (20) calendar year referred to in Section I hereof, the Seller and the Buyer shall consult together to determine by mutual agreement the price or prices to be paid by the Buyer to the Seller for gas delivered by the Seller to the Buyer after the expiration of the total period of Twenty (20) years referred to in Section I hereof. In the event the Seller and the Buyer are unable to mutually agree upon the said price or prices, then the Buyer shall pay to the Seller the price or prices in effect in the said Twentieth (20th) calendar year for all gas delivered hereunder after the expiration of the Twentieth (20th) year, SUBJECT HOWEVER, to the right of the Seller, at any time after the expiration of the said Twentieth (20th) calendar year to terminate this contract upon Six (6) months' notice in writing to the Buyer.



4. Currency:

- (a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States Currency as published at Twelve o'clock (12:00) noon Eastern Standard Time or Eastern Daylight Time, as the case may be, by the Bank of Montreal, The Royal Bank of Canada and The Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five (105) United States Cents or not less than Ninety-five (95) United States Cents for One (1) Canadian Dollar, then the total quantity of gas delivered by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.
- (b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for United States currency is:-
  - (i) In excess of One Hundred and Five (105) United States Cents and is not more than One Hundred and Ten (110) United States Cents for One (1) Canadian Dollar; or
  - (ii) Less than Ninety-five (95) United States Cents but not less than Ninety (90) United States Cents for One (1) Canadian Dollar;

then the total quantity of gas delivered by the Seller to the Buyer in each such month, subject to the provisions of subsection (e) of this Section 4, shall be considered sold and purchased at the price in Canadian currency calculated as follows:

- LET: Pc Price payable in Canadian currency during the month;
- C the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in Canada;
- US the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in the United States;



- P price in the contract;
- E the average daily selling rate for Canadian currency in United States currency during such month determined in accordance with the provisions of paragraph (a) above;

THEN: in the case of (i):

$$P_c = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{105}{E} \right)$$

In the case of (ii):

$$P_c = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{95}{E} \right)$$

- (c) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for non-consecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for gas delivered hereunder during such periods of time shall be adjusted in accordance with the formula set forth in subsection (b) of this Section 4.
- (d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for at least three (3) consecutive monthly periods, then the price payable by the Buyer to the Seller as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail shall be renegotiated between the Buyer and the Seller, PROVIDED HOWEVER, that pending completion of such renegotiation the price payable by the Buyer to the Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive to the monthly periods during which the daily average selling rate for Canadian currency in United States currency exceeded One Hundred and Ten (110) United States Cents or was less than Ninety (90) United States Cents for One (1) Canadian Dollar, and the payments between the Buyer and Seller shall be adjusted accordingly.





If the parties are unable to negotiate such price within six months then Seller may upon three (3) months' written notice to Buyer terminate this contract.

- (e) In no event shall the value of "Pc" as calculated under the provisions of subsections (b), (c) and (d), (for the period pending negotiation as provided therein), of this Section 4 exceed or be less than the value of "Pc", as the case may be, by more than One (1) Cent per Mcf of gas delivered hereunder.

5. Price Accuracy:

All calculations with respect to the price of gas shall be carried to the nearest One-hundredth of a cent.

ARTICLE VII

TAXES

1. Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon or in respect of the gas delivered hereunder up to the point of delivery of the gas to Buyer. All increases in such present gross production taxes, severance taxes and excise taxes upon or in respect of the gas delivered hereunder or the production, transportation or handling thereof up to the point of delivery of the gas to Buyer and any tax on the pipelines in the Seller's gathering system required to be paid by Seller, shall be borne three-quarters (3/4) by the Buyer and one-quarter (1/4) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.





ARTICLE VIII

DELIVERY POINTS AND PRESSURE

1. Delivery Points:

The point of delivery for all gas delivered hereunder shall be at the outlet of the meter stations to be installed and operated by the Seller at a location to be mutually agreed upon by the Seller and the Buyer in the vicinity of the South Pouce Coupe field.

2. Delivery Pressure:

All gas sold and purchased hereunder shall be delivered at the delivery point in each of the said fields from which deliveries are taken at a pressure not exceeding Nine Hundred and Seventy-five (975) pounds per square inch gauge, and not less than Five Hundred (500) pounds per square inch gauge for the first Four (4) years of deliveries hereunder. Thereafter the Buyer will accept deliveries of gas at less than Five Hundred (500) pounds per square inch gauge but not less than One Hundred (100) pounds per square inch gauge, PROVIDED HOWEVER, that in respect to gas delivered at less than Two Hundred and Fifty (250) pounds per square inch gauge the Buyer shall deduct by way of allowance for compression costs the sum of three-quarter Cents ( $3/4\text{¢}$ ) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, PROVIDED HOWEVER, that in the event that gas from any field can be made available for delivery at pressures less than One Hundred (100) pounds per square inch gauge, the Seller and the Buyer will consult



together for the purpose of determining the terms and conditions upon which the Buyer will accept delivery of such gas taking into consideration the cost of compression to make such gas available to the pipeline.

## ARTICLE IX

### QUALITY

All gas delivered by Seller to Buyer shall conform with the following specifications:-

#### 1. Specifications:

The gas delivered hereunder shall be natural gas and shall conform to the specifications set forth under Sections 2 to 7 inclusive of this Article IX.

#### 2. Odors and Solids:

The gas shall be commercially free from objectionable odors, solid matter, dust, gums and gum-forming constituents which might interfere with its merchantability or cause injury to or interfere with proper operation of the lines, regulators, meters or other appliances through which it flows.

#### 3. Oxygen:

The gas shall not at any time have an oxygen content in excess of One Percent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.



4. Liquids:

The gas shall be free of water and hydrocarbons in liquid form. The gas shall not contain water vapor in excess of Three (3) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate gas to a dewpoint less than Zero Degrees Fahrenheit (0°F.). The gas shall not contain liquefiable hydrocarbon content (pentanes and heavier) in excess of Two Hundred (200) United States gallons per million cubic feet, PROVIDED HOWEVER, that the Buyer may at Buyer's sole discretion accept gas containing greater liquefiable hydrocarbon content for such period or periods as Buyer may prescribe from time to time.

5. Hydrogen Sulphide:

The gas shall not contain more than One (1) grain of hydrogen sulphide per One Hundred (100) cubic feet. PROVIDED HOWEVER, that the Buyer may at Buyer's sole discretion accept gas containing greater hydrogen sulphide content for such period or periods as Buyer may prescribe from time to time.

6. Total Sulphur:

The gas shall not contain more than Twenty (20) grains of total sulphur (hydrogen sulphide and mercaptan sulphur) per One Hundred (100) cubic feet.





7. Heating Value:

The gas shall have a total heating value per cubic foot of not less than Nine Hundred and Fifty (950) nor more than Eleven Hundred and Twenty-five (1125) British Thermal Units, PROVIDED HOWEVER, that the Buyer may at the Buyer's sole discretion accept gas with a higher or lower heating value for such period or periods as the Buyer may prescribe from time to time.

ARTICLE X

MEASUREMENT

1. Unit of Volume:

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be One (1) cubic foot at an absolute pressure of Fifteen and Twenty-five Thousandths (15.025) pounds per square inch at a temperature of Sixty Degrees Fahrenheit (60° F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto,



as published May 6, 1935, and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted Report.

3. Deviation from Boyle's Law:

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of Six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of gas delivered hereunder during the Six (6) calendar months next following the taking of the sample from which such determination is made.

4. Specific Gravity:

The specific gravity of the gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A at the beginning of delivery and thereafter



as frequently as is found expedient in practice at the respective points where the gas is metered hereunder, and the results of the determination at each such point shall be used in computing the volumes of gas metered at such point.

5. Flowing Temperature:

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.

6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be Thirteen and Four Tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.



ARTICLE XI

MEASURING EQUIPMENT

1. Seller's Measuring Station:

Seller shall install, maintain and operate at its own expense equipment required for the measurement of the volumes, temperatures and heating values of all gas delivered hereunder at the place of delivery. Buyer shall have access to the measuring equipment of the Seller at all reasonable hours, but the calibrating and adjusting of the measuring equipment and the changing of charts shall be done only by the Seller.

2. Check Measuring Equipment:

Buyer may install, maintain and operate at its own expense check measuring equipment as desired providing that such equipment shall be so installed as to not interfere with the operation of the Seller's measuring equipment at or near the point of delivery.

3. Right to be Present:

The Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating, or adjusting, done in connection with the measuring equipment used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.





4. Calibration and Test of Meters:

The accuracy of the measuring equipment at the point of delivery shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering correctly, the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than Two Percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding Two Percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of Fifteen (15) days.

5. Correction of Metering Errors:

In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not



correctly indicated by the reading thereof, the gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon the basis of the best data available using the first of the following methods which is feasible:-

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

6. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least One(1) year all test data, charts, and other records of gas measurements. Either party desiring to preserve any records for a longer period may require the other party to deliver over to it such records which shall then be retained at the expense of such party desiring the same.

ARTICLE XII

STATEMENTS AND PAYMENTS

- 1. Seller or its nominee shall render to Buyer on or before the Fifteenth (15th) day of each calendar month a statement for all gas delivered to Buyer hereunder during the preceding calendar month and payment for such gas shall be made by Buyer to Seller on or before the Twenty-fifth (25th) day of the month during which such statement is rendered. All payments accruing to the Seller hereunder shall be made to Pacific Petroleum Ltd. The Seller may,



from time to time, designate another person, firm or corporation to accept payments hereunder, such designation to be in writing, and from and after receipt by the Buyer of such new designation, the Buyer shall thereafter make such payments to such person, firm or corporation.

### ARTICLE XIII

#### ESTIMATES OF REQUIREMENTS

1. In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimates of requirements of gas during each of the following Six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

### ARTICLE XIV

#### POSSESSION OF GAS

1. Point of Delivery Controls:

As between the parties to this Agreement, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

2. Responsibility:

Buyer shall have no responsibility with respect to any gas deliverable under this Agreement until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery, and Seller shall have no responsibility with respect to such gas after its





delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery.

#### ARTICLE XV

#### WARRANTY AND TITLE OF GAS

I. The Seller warrants generally the title to all gas delivered to the Buyer herunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.

#### ARTICLE XVI

#### FORCE MAJEURE

I. Failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary failure of gas supply because of freezing of wells or delivery facilities or hydrate obstructions of lines of pipe, inability to obtain pipe, materials, or equipment, the binding order of any Court or Governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of



the party claiming suspension; PROVIDED that no cause or contingency shall relieve Buyer of its obligation to make payments due hereunder.

ARTICLE XVII

MISCELLANEOUS

1. Non-Waiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.

2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:

SELLER: PACIFIC PETROLEUMS LTD.  
Pacific Building  
Calgary, Alberta

BUYER: WESTCOAST TRANSMISSION COMPANY  
(ALBERTA) LTD.  
Petroleum Building  
Calgary, Alberta



or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment:

Neither party hereto shall assign this Agreement or any of its rights or obligations hereunder without the consent in writing of the other party; PROVIDED that Seller may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all of its interest in the Leases in the lands comprised in Schedule "A" hereto, and



Buyer may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system of Buyer. The provisions of this Section 5 shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

6. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. Provincial Laws:

This Agreement shall be construed in accordance with the laws of the Province of Alberta.

8. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify.





ARTICLE XVIII

ARBITRATION

1. If any dispute arises between the parties to the contract relating to matters in connection with the interpretation or construction of the provisions hereof, such dispute shall be settled by arbitration in the following manner, that is to say:-

Within Twenty (20) days after the written request of either party hereto for arbitration, the parties hereto shall agree upon and appoint one arbitrator. In case the parties shall fail to name an arbitrator within Twenty (20) days after the written request of any party for arbitration, application for the appointment of an arbitrator shall be made within Ten (10) days after the expiration of such Twenty (20) day period to any Judge of the Supreme Court of Alberta. The arbitrator so selected shall have all the powers given by The Arbitration Act, being Chapter III, Revised Statutes of Alberta, 1942, or any Act in amendment or in substitution therefor. The decision of the sole arbitrator selected as above shall be final and binding on the parties hereto.



ARTICLE XIX

FAVOURED NATIONS

I. In the event the Buyer or Westcoast Transmission Company Limited shall enter into any contracts for the purchase of gas with any producer or producers of gas, and actually take delivery of and pay for gas within the Peace River Area of the Province of Alberta during the period of this contract upon terms more favourable to such producer or producers than the terms hereof, Seller shall have the right upon notice in writing to the Buyer to have this contract modified so as to make applicable to the sale and purchase of gas hereunder such more favourable terms as are contained in the said contracts with said producer or producers. The Buyer shall forthwith upon completion of any contracts with any producer or producers of gas as aforesaid, serve upon the Seller a true copy of each such contract.

IN WITNESS WHEREOF the parties hereto have hereunto caused their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.

SIGNED, SEALED AND DELIVERED ) PACIFIC PETROLEUMS LTD.

) "Geo. L. McMahon"  
) \_\_\_\_\_ (Seal)

) "L. M. Youell"  
) \_\_\_\_\_

)  
) WESTCOAST TRANSMISSION COMPANY  
) (ALBERTA) LTD.

) "D. P. McDonald"  
) \_\_\_\_\_ (Seal)

) "A. P. Bowsher"  
) \_\_\_\_\_



TO

Westcoast Transmission Company Limited does hereby consent to the execution of the within Agreement by Westcoast Transmission Company (Alberta) Ltd. , and does hereby approve the terms thereof.

In consideration of your Company entering into the said Agreement, Westcoast Transmission Company Limited does hereby covenant and agree with your Company, its successors and assigns, that if default should at any time be made by Westcoast Transmission Company (Alberta) Ltd. , its successors and assigns, in payment of any moneys which shall hereafter be due to your Company in accordance with the terms of the said Agreement, or the due observance and performance of any term and condition of the said Agreement to be observed and performed by it, then Westcoast Transmission Company Limited will forthwith pay all such moneys due and payable to your Company and will perform and carry out or cause to be performed and carried out each and every term and condition of the said Agreement in accordance with the purpose and intent thereof.

It shall not be necessary for your Company to notify Westcoast Transmission Company Limited of the occurrence of any such default.

This guarantee shall be a continuing guarantee and is to remain in force concurrently with the terms of the said Agreement.

DATED at the City of Calgary, in the Province of Alberta, this 1st day of February, A. D. 1955.

WESTCOAST TRANSMISSION COMPANY LTD. ,

By "D. P. McDonald"

"A. P. Bowsher"





Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleum Ltd. as Seller of the First Part, and Westcoast Transmission Company (Alberta) Ltd. as Buyer of the Second Part, dated the 1st day of February, A. D. 1955.

Lands as to which all the gas rights are owned or controlled by the Seller under and by virtue of Natural Gas Licenses, Natural Gas Leases, and Petroleum and Natural Gas Reservations and Petroleum and Natural Gas Leases.

South Pouce Coupe Area (Alberta).

All of Section 3, unsurveyed Township 78, Range 12, West of the 6th Meridian.  
All of Section 4, unsurveyed Township 78, Range 12, West of the 6th Meridian.  
All of Section 5, unsurveyed Township 78, Range 12, West of the 6th Meridian.  
All of Section 6, unsurveyed Township 78, Range 12, West of the 6th Meridian.  
All of Section 7, unsurveyed Township 78, Range 12, West of the 6th Meridian.  
All of Section 8, unsurveyed Township 78, Range 12, West of the 6th Meridian.  
All of Section 9, unsurveyed Township 78, Range 12, West of the 6th Meridian.  
All of Section 10, unsurveyed Township 78, Range 12, West of the 6th Meridian.  
All of Section 17, unsurveyed Township 78, Range 12, West of the 6th Meridian.  
All of Section 18, unsurveyed Township 78, Range 12, West of the 6th Meridian.  
All of Section 19, unsurveyed Township 78, Range 12, West of the 6th Meridian.  
All of Section 1, Township 78, Range 13, West of the 6th Meridian.  
All of Section 2, Township 78, Range 13, West of the 6th Meridian.  
All of Section 3, Township 78, Range 13, West of the 6th Meridian.  
All of Section 4, Township 78, Range 13, West of the 6th Meridian.  
All of Section 5, Township 78, Range 13, West of the 6th Meridian.  
All of Section 8, Township 78, Range 13, West of the 6th Meridian.  
All of Section 9, Township 78, Range 13, West of the 6th Meridian.  
All of Section 10, Township 78, Range 13, West of the 6th Meridian.  
All of Section 11, Township 78, Range 13, West of the 6th Meridian.  
All of Section 12, Township 78, Range 13, West of the 6th Meridian.  
All of Section 13, Township 78, Range 13, West of the 6th Meridian.  
All of Section 14, Township 78, Range 13, West of the 6th Meridian.  
All of Section 15, Township 78, Range 13, West of the 6th Meridian.  
All of Section 16, Township 78, Range 13, West of the 6th Meridian.  
All of Section 17, Township 78, Range 13, West of the 6th Meridian.  
All of Section 20, Township 78, Range 13, West of the 6th Meridian.  
All of Section 21, Township 78, Range 13, West of the 6th Meridian.  
All of Section 22, Township 78, Range 13, West of the 6th Meridian.  
All of Section 23, Township 78, Range 13, West of the 6th Meridian.  
All of Section 24, Township 78, Range 13, West of the 6th Meridian.



South Pouce Coupe Area (Alberta)

All of Section 1, unsurveyed Township 78, Range 12, West 6th Meridian.  
All of Section 2, unsurveyed Township 78, Range 12, West 6th Meridian.  
All of Section 11, unsurveyed Township 78, Range 12, West 6th Meridian.  
All of Section 12, unsurveyed Township 78, Range 12, West 6th Meridian.  
All of Section 3, unsurveyed Township 78, Range 11, West 6th Meridian.  
All of Section 4, unsurveyed Township 78, Range 11, West 6th Meridian.  
All of Section 5, unsurveyed Township 78, Range 11, West 6th Meridian.  
All of Section 6, unsurveyed Township 78, Range 11, West 6th Meridian.  
All of Section 7, unsurveyed Township 78, Range 11, West 6th Meridian.  
All of Section 8, unsurveyed Township 78, Range 11, West 6th Meridian.  
All of Section 9, unsurveyed Township 78, Range 11, West 6th Meridian.  
All of Section 10, unsurveyed Township 78, Range 11, West 6th Meridian.







Abstract of Supplementary Agreement and Amendment to  
Gas Purchase Contract dated February 1, 1955 between  
Pacific Petroleum Ltd. and Westcoast Transmission Company Ltd.  
(South Pouce Coupe - Alberta)

Supplementary Agreement April 21, 1955

For the period commencing with first deliveries of gas, until December 31, 1960, on four months notice in writing, Buyer may require Seller to increase the maximum volume of gas delivered in any one day, for the period mentioned in the notice, by a volume of up to 30 MMcf/day

Amendment December 23, 1955

1. Paragraph 1 of Article V is amended to delete the phrase "Sellers undivided interest in" as it refers to the maximum day volumes of gas to be delivered to Buyer.
2. Paragraph 2 of Article VI is amended to alter the circumstances under which the prices will be reduced. It is provided that the prices will be reduced for each month after January 1, 1958 during which the maximum billing demand of all customers of Westcoast is less than 460 MMcf/day.
3. Wording is added at the beginning of Schedule "A" to provide that the gas rights to the lands shown are owned or controlled by Seller by virtue of Natural Gas Licenses and Leases, and Petroleum and Natural Gas Reservations and Leases.

Letter August 5, 1957

1. This letter replaces and supersedes the letter of notification by Westcoast dated November 7, 1956 (Estimated requirements from the South Pouce Coupe area).
2. The requirement of 4 months notice, as set forth in the amendment dated April 21, 1955, is waived.

Amendment August 9, 1957.

Additional lands are added to Schedule "A".









August 7, 1956.

Pacific Petroleum Ltd.,  
Pacific Building,  
CALGARY, Alberta.

Peace River Transmission Company Limited,  
5th Floor, Alaska Pine Building,  
1111 West Georgia Street,  
VANCOUVER 5, British Columbia.

Gentlemen:

Re: Gas Purchase Agreement, Pacific Petroleum Ltd.  
and Westcoast Transmission Company (Alberta) Ltd.,  
South Pouce Coupe Field, dated February 1, 1955 as  
amended by Supplementary Agreement dated April 21,  
1955, and Amending Agreement dated December 23,  
1955, respectively, (hereinafter referred to as the  
"principal Agreement").

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We acknowledge advice from the Peace River Transmission Company Limited ("Peace River") to the effect that it requires assurance of additional supplies of gas to meet current market requirements for its customer serving the Town of Dawson Creek and vicinity in the Province of British Columbia. Peace River has stated that these requirements may reach as much as one billion cubic feet per annum within two years from this date.

Pacific Petroleum Ltd. ("Pacific") has advised Westcoast Transmission Company (Alberta) Ltd. ("Westcoast Alberta") and Westcoast Transmission Company Limited ("Westcoast Limited") that since the date of the above mentioned Agreement dated February 1, 1955, additional discoveries and extensions in known horizons have indicated increased available recoverable pipeline gas reserves in the South Pouce Coupe Field.

Having regard to the foregoing and to the obligation of Westcoast Alberta and Westcoast Limited to assist in satisfying the gas requirements of local residents of Alberta and British Columbia, Westcoast Alberta does hereby expressly consent to Pacific entering into the Gas Sales Agreement with Peace River dated August 7, 1956, providing for the sale by Pacific to Peace River of gas produced from the South Pouce Coupe Field in volumes



Pacific Petroleum Ltd.,  
Peace River Transmission Company Limited.

August 7, 1956.

up to one billion cubic feet of gas per annum, not exceeding a maximum daily rate of seven million cubic feet, at any time after October 1, 1956, for the period of 20 years from the date of first delivery of gas under the terms of the said Agreement.

Westcoast Alberta hereby expressly agrees that as a term of the said Agreement between Pacific and Peace River, Pacific may covenant that Pacific as Seller will maintain out of the total gas reserve owned or controlled by Pacific in the South Pouce Coupe Field, sufficient volumes of gas to enable Pacific to sell and deliver to Peace River the said volume of one billion cubic feet per annum to be sold and purchased thereunder, and that the gas to be sold and delivered by Pacific to Westcoast Alberta in accordance with the terms of the Agreement dated February 1, 1955 as amended, shall be sold and delivered to Westcoast Alberta only to the extent such gas can be produced and delivered without impairing the ability of Pacific to sell and deliver to Peace River the said volume of one billion cubic feet of gas per annum.

Westcoast Limited does hereby ratify, approve and concur in the consent hereby given by Westcoast Alberta.

Yours very truly,

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,

BY "D.P. McDonald"  
Vice-President

"Chas. R. Hetherington"  
Vice-President

WESTCOAST TRANSMISSION COMPANY LIMITED,

BY "D.P. McDonald"  
Vice-President

"Chas. R. Hetherington"  
Vice-President









DATED 1st day of February 1955

REVISED TO 5th day of August 1957

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BETWEEN:

PACIFIC PETROLEUMS LTD. and PEACE RIVER  
NATURAL GAS CO. LTD.

The "Seller" of the First Part,

- and -

WESTCOAST TRANSMISSION COMPANY (ALBERTA)  
LTD.,

The "Buyer" of the Second Part.

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GAS PURCHASE AGREEMENT

Re: Alberta - Pouce Coupe

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OFFICE CONSOLIDATION

OFFICE CONSOLIDATION



THIS AGREEMENT made this 1st day of February, A. D. 1955,  
revised to and including August 5, 1957.

BETWEEN:

PACIFIC PETROLEUMS LTD. and PEACE RIVER  
NATURAL GAS CO. LTD., bodies corporate both  
with offices at the City of Calgary, in the Province  
of Alberta,

(hereinafter called the "Seller")

OF THE FIRST PART,

- and -

WESTCOAST TRANSMISSION COMPANY(ALBERTA) LTD.,  
a body corporate with head office at the City of Calgary,  
in the Province of Alberta,

(hereinafter called the "Buyer")

OF THE SECOND PART.

WITNESSETH that in consideration of the mutual covenants  
hereinafter set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and  
between the parties hereto as follows:

#### ARTICLE I

#### REPRESENTATIONS

##### 1. Buyer's Representations:

The Buyer represents that it proposes to construct and operate  
a natural gas gathering system for the purpose of gathering the gas produced in  
fields in the Peace River area of Alberta to be sold and delivered by the Buyer  
to Westcoast Transmission Company Limited at a point approximately three (3)  
miles East of the British Columbia border. Westcoast Transmission Company  
Limited proposes to construct and operate a natural gas transmission line for



the transmission of gas from the gas fields in northern Alberta including gas to be sold by the Seller to the Buyer hereunder, and northern British Columbia to a point on the International Boundary between the Province of British Columbia and the State of Washington near Sumas, Washington, and serve customers in British Columbia en route. The Westcoast Transmission Company Limited will sell gas at a connection in the vicinity of Sumas to a pipeline system to be constructed to serve consumers in the Western United States.

2. Seller's Representations:

Seller represents that it owns or controls an interest in the natural gas rights in and under the lands described in Schedule "A" hereto attached and by reference made a part hereof, as therein more particularly described.

The Seller further represents that the Seller is willing, subject to the provisions of this contract, except as to gas reserved to the Seller as herein provided, to make available to the pipeline to be constructed by Buyer its gas produced from the said lands.

3. Buyer's Performance with Diligence:

The Buyer agrees to proceed with diligence with its endeavours to procure all Governmental authorities, permits and rights necessary for the construction and operation of its pipeline, and upon procuring the same to proceed with diligence with the construction of its said pipeline facilities. HOWEVER, upon the happening of any one of the following contingencies, to wit:-

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to





procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the western United States containing terms and conditions satisfactory to such customer or customers;

- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956;
- the Seller shall have the right to terminate this contract by written notice to be delivered to Buyer at any time after happening of any such contingency.

4. Seller's Performance with Diligence:

Seller agrees that it will be ready to deliver gas under this contract whenever the pipeline facilities of the Buyer are ready to receive the same. HOWEVER, upon the happening of any of the following contingencies, to wit:

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States containing terms and conditions satisfactory to such customer or customers;
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956;
- (c) The failure of the Seller to complete its facilities to deliver gas hereunder to the Buyer not later than the day upon which Buyer shall have completed the Pipeline facilities required to take deliveries of gas;



the Buyer shall have the right to terminate this contract by written notice to be delivered to Seller at any time after the happening of any such contingency.

5. Non-Waiver of Remedies:

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described in Sections 3 and 4 of this Article I shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.

ARTICLE II

TERM

1. Subject to prior termination under the provisions of Article I or Section 3 of Article VI hereof, this Agreement shall remain in force and effect from the date hereof for the term of the Leases in effect from time to time covering the lands described in Schedule "A" and, subject to the renewal thereof, as long thereafter as gas shall be produced from the lands covered by the Leases in such amount as in Seller's judgment is profitable to the Seller, or until the amount of gas available to Buyer hereunder shall no longer be profitable in Buyer's judgment to the Buyer.

ARTICLE III

DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this Agreement shall have the following meanings:-



1. The term "day" shall mean a period of Twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A.M. Pacific Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A.M. on the First day of the calendar month and ending at Eight (8:00) A.M. on the First day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning January First and ending December Thirty-first.
4. The term "cubic foot" shall mean the volume of gas which occupies One (1) cubic foot when such gas is at a temperature of Sixty Degrees Fahrenheit (60°F.) and at a pressure of Fifteen and Twenty-five thousandths (15.025) pounds per square inch absolute.
5. The term "Mcf" shall mean One Thousand (1,000) cubic feet of gas.
6. The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of One (1) pound of water One Degree Fahrenheit (1°F.) at Sixty Degrees Fahrenheit (60° F.).
7. The term "total heating value" when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of One (1) cubic foot at a temperature of Sixty Degrees Fahrenheit (60° F.), if saturated with water vapor, and under a pressure equal to that of Thirty (30) inches of mercury at Thirty-two Degrees Fahrenheit (32° F.) and under standard gravitational force (acceleration Nine Hundred and Eighty and Six Hundred and





Sixty-five Thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.

8. The term "Buyer" shall mean Westcoast Transmission Company (Alberta) Ltd.
9. The term "Seller" shall mean Pacific Petroleums Ltd. and Peace River Natural Gas Co. Ltd., or their assignee.
10. The term "Lease" shall mean and include any document by virtue of which the Seller is entitled to own, drill for and produce and sell gas from the lands described in the Schedule "A" hereto attached.
11. The term "Westcoast Transmission Company Limited" shall mean and include the Westcoast Transmission Company Limited, a body corporate incorporated by Act of Parliament of Canada, or its successors or assigns.
12. The term "natural gas" means natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
13. The term "billing demand" means the total of the contract demand under the terms of the contract made between Westcoast Transmission Company Limited and Pacific Northwest Pipeline Corporation dated December 11th, 1954, and the maximum quantity of firm gas delivered by Westcoast Transmission Company Limited to its customers in British Columbia on any one day during the twelve months ending with the



billing month, exclusive however, of gas delivered by Westcoast Transmission Company Limited to its customers both in Canada and the United States on an interruptible basis, that is to say, subject to curtailment or interruption upon notice by Westcoast Transmission Company Limited whenever and to the extent that in the sole judgment of Westcoast Transmission Company Limited such curtailment or interruption is necessary.

#### ARTICLE IV

#### AVAILABILITY OF GAS

##### 1. Gas Reserves under Contract:

The Seller represents that all the Leases covered by this contract may be subject to renewal from time to time as in the said Leases provided and the Seller is entitled to sell or dispose of its interest as described in Schedule "A" hereto attached in all gas produced from the lands covered thereby. Subject to the possibility of termination of this contract as herein provided and the other provisions hereof, Seller hereby agrees to maintain its interest in the said Leases in full force and effect and apply for renewals thereof from time to time and to sell and deliver to Buyer the volumes of gas to be sold and purchased in accordance with the terms hereof, produced and saved from the lands covered by the Leases as shown on Schedule "A", excepting and reserving, however, the following rights:-

- (1) The right to use such gas produced from any one or more of said Leases, at the Seller's option, as Seller may need or require the same for development of Seller's properties situated within the same field, including, but not limited to, the use of gas for fuel, drilling, developing and operating said properties, for the production of oil, gas or other minerals.



- (2) The right to use such gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for the Seller (providing that such processing plants are located in the Pouce Coupe Field, but whether or not the processing plants are owned by others than the Seller) or for effecting delivery of the gas to the Buyer, it being recognized by the Buyer that gas so used by the Seller, and gas lost through process shrinkage or gathering operations, is reserved to Seller.
- (3) The right to process or to have processed for it such gas.
- (4) The right, as between Buyer and Seller, to retain and dispose of, (free from any and all claims by Buyer), any and all liquids recovered by or for the Seller from the gas prior to delivery to the Buyer.
- (5) The right to operate the Leases covered by this contract, free from any and all control by the Buyer, in such manner as the Seller, in its sole discretion, deems advisable, including, without limitation, the right to drill new wells, and to repair or rework old wells.
- (6) The right from time to time to sell and dispose of volumes of surplus gas which Buyer is not purchasing and which Seller, in its sole judgment and in good faith, considers prudent to establish as a reasonable rate of production of gas from the Pouce Coupe Field. Subject to the above, Seller agrees not to sell surplus gas in quantities which would deplete Seller's reserves to the extent that such reserves equal less than 10,000,000 Mcf for each 1,000 Mcf of the then daily maximum contract quantity of gas which Seller is obligated to deliver hereunder to Buyer, said 10,000,000 Mcf being reduced by Four Percent (4%) each calendar year of the duration of this contract.

## 2. Maintenance of Leases:

Seller shall not be required to retain by payment of rentals lands which, in Seller's judgment, have been condemned by development, nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit, but before releasing any gas Lease on any such lands, Seller shall give Buyer timely notice that it proposes to release the same, and, upon demand by Buyer, assign to Buyer its interest in such gas Lease, upon payment by Buyer to Seller of the Seller's interest in the salvage value of any





casing and other equipment of Seller in any well or wells located on the lands covered thereby. In the event Buyer shall, pursuant to the foregoing provisions, acquire any gas Leases, Buyer shall have the right to take into its pipeline gas produced from the lands covered by such Leases and the maximum volumes specified in Section I of Article V shall be reduced in like amount. PROVIDED that the provisions of this paragraph shall not be construed to impose on the Seller any obligation to gather or treat such gas for the account of the Buyer.

3. Limitation to Legal Production:

The volumes of gas that Seller shall be obligated to deliver to Buyer under the terms of this contract shall be limited to volumes of gas which can be legally produced from the lands covered by this contract less the volumes of gas excepted and reserved as provided in this contract.

ARTICLE V

SALE AND PURCHASE OF GAS

1. Maximum Day Volumes:

The maximum volume of gas that Seller shall be required to sell and deliver to Buyer hereunder in any one day shall be the following volumes:-

<u>Period</u>	<u>Million Cu. Ft. per Day</u>
For the period following the first delivery of gas to January 1, 1958:	-
For the following calendar year:	20
For the following calendar year, and for each calendar year thereafter:	20

For the period commencing with the first delivery of gas by the Seller to the Buyer up to and until the 31st day of December, A.D. 1960, upon notice by the Seller to the Buyer as hereinafter provided, the maximum





volume of gas that Seller shall be required to sell and deliver to Buyer in any one day, for the period contained in the said notice, shall be increased by the volumes set out in the said notice but not exceeding Ten (10) million cubic feet per day.

The notice to be given by the Buyer to the Seller under the terms of the preceding paragraph shall be in writing. Notices as aforesaid may be given by the Buyer to the Seller at any time and from time to time provided that the total of the additional volumes of gas to be delivered to the Buyer shall not exceed Ten (10) million cubic feet per day.

In the event that the Seller is unable for a period of Fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum day volumes specified in Section I of this Article V, when the Buyer is ready and able to accept the same, the Buyer shall have the right, in addition to any other right which Buyer may have under the terms of this Agreement, to reduce the volumes specified in Section I of this Article V in the proportion that the average daily deliveries during such Fifteen (15) day period bears to the maximum day volumes specified in Section I of this Article V, PROVIDED HOWEVER, upon the Seller remedying or partially remedying the deficiency within the following calendar year, the applicable and maximum volume specified in Section I of this Article V shall be reinstated or partially reinstated, as the case may be.

In the event the United States customer of Buyer is not authorized to import the volumes specified in subsections (a), (b), and (c) of Section I of Article IV of the contract between the said customer and the Buyer dated December 11, 1954, then the Buyer shall have the right for the period customer



is not authorized as aforesaid to reduce the maximum volumes set out in Section I of this Article V in the proportion that the volumes authorized to be imported bear to the said volumes specified in the said contract. Due consideration shall be given to the Canadian markets of Buyer in determining the said proportionate reduction.

2. Contract Volumes:

Subject to the provisions of this contract, Seller agrees to sell and deliver and Buyer agrees to purchase and receive from Seller the maximum day volumes set forth in Section I of this Article V at a high load factor estimated at approximately eighty percent (80%) and the Buyer shall purchase and receive from Seller or pay for an annual volume of gas equal to ninety percent (90%) of the total annual volume of gas purchased from Alberta fields (exclusive of deficiency volumes purchased pursuant to Section 3 of this Article V) multiplied by the maximum day volume obligation set forth in Section I of this Article V and divided by the total maximum day volume obligation of all Sellers under contract to Buyer producing gas from Alberta fields, PROVIDED HOWEVER, that the annual volume of gas from the Pouce Coupe Field which Buyer shall receive or pay for during any year shall not be less than 263 times the maximum day volume obligation in effect from time to time, subject to other terms of this contract.

3. Make up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January First of each year, in the event the total volume of gas purchased by Buyer from Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed



by law, be less than a volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of gas not so purchased by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding calendar year and paid for at the price or prices applicable to the date or dates when such gas shall be delivered, and any such deficiency volume of gas not so accepted and purchased during such succeeding calendar year shall be paid for by Buyer at the end of such succeeding calendar year at the price provided in this contract applicable to the volume of gas delivered on the last day of the calendar year in which the deficiency occurred. Such deficiency volume of gas accepted and purchased by Buyer during any such succeeding calendar year to make up deficiencies in purchases during the preceding calendar year shall not be deemed to be a part of the annual volume of gas required to be accepted and purchased by Buyer hereunder during the succeeding calendar year, PROVIDED HOWEVER, that the Seller shall not be required to deliver gas at daily rates in excess of the maximum daily rate in effect as specified in Section I of this Article V.

## ARTICLE VI

### PRICE

#### I. Price Schedule:

Subject to the adjustment hereinafter provided for, the Buyer agrees to pay to the Seller for all gas delivered or contracted to be delivered hereunder the base price as follows:-

For the period following the first  
delivery of gas to January 1, 1958

Per Mcf  
Cents

6¢





	Per Mcf Cents
For the next ensuing five (5) years	10¢
For the sixth year	10 1/4¢
For the seventh year	10 1/4¢
For the eighth year	10 1/2¢
For the ninth year	10 1/2¢
For the tenth year	10 3/4¢
For the eleventh year	11¢
For the twelfth year	11 1/4¢
For the thirteenth year	11 1/2¢
For the fourteenth year	11 3/4¢
For the fifteenth year	12¢
For the sixteenth year	12¢
For the seventeenth year	12 1/4¢
For the eighteenth year	12 1/2¢
For the nineteenth year	12 1/2¢
For the twentieth year	12 1/2¢

## 2. Volume Adjustment:

For each month after January 1, 1958 during which the maximum billing demand billed to its customers by Westcoast Transmission Company Limited is less than 460,000 Mcf per day, the prices set forth in paragraph 1 of this Article shall be reduced as follows:-

<u>Average Monthly Maximum Day:</u>	<u>Adjustment Per Mcf - Cents</u>
Less than 460,000 but equal to or more than 425,000	1/2¢
Less than 425,000 but equal to or more than 400,000	3/4¢
Less than 400,000 but equal to or more than 375,000	1 3/4¢
Less than 375,000 but equal to or more than 350,000	2 3/4¢
Less than 350,000 but equal to or more than 325,000	3 1/4¢
Less than 325,000 but equal to or more than 300,000	3 3/4¢
Less than 300,000 but equal to or more than 250,000	4¢

## 3. Price after Twenty Years:

On or before the First day of January in the Twentieth (20) calendar year referred to in Section 1 hereof, the Seller and the Buyer shall consult together to determine by mutual agreement the price or prices to be paid by the Buyer to the



Seller for gas delivered by the Seller to the Buyer after the expiration of the total period of Twenty (20) years referred to in Section I hereof. In the event the Seller and the Buyer are unable to mutually agree upon the said price or prices, then the Buyer shall pay to the Seller the price or prices in effect in the said Twentieth (20th) calendar year for all gas delivered hereunder after the expiration of the Twentieth (20th) year, SUBJECT HOWEVER, to the right of the Seller, at any time after the expiration of the said Twentieth (20th) calendar year to terminate this contract upon Six (6) months' notice in writing to the Buyer.

4. Currency:

- (a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States Currency as published at Twelve o'clock (12:00) noon Eastern Standard Time or Eastern Daylight Time, as the case may be, by The Bank of Montreal, The Royal Bank of Canada and The Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five (105) United States Cents or not less than Ninety-five (95) United States Cents for One (1) Canadian Dollar, then the total quantity of gas delivered by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.
- (b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for United States currency is:-
  - (i) In excess of One Hundred and Five (105) United States Cents and is not more than One Hundred and Ten (110) United States Cents for One (1) Canadian Dollar; or
  - (ii) Less than Ninety-five (95) United States Cents but not less than Ninety (90) United States Cents for One (1) Canadian Dollar;then the total quantity of gas delivered by the Seller to the Buyer in each such month, subject to the provisions of subsection (e) of this Section 4, shall be considered sold and purchased at the price in Canadian currency calculated as follows:



- LET:
- P<sub>C</sub> Price payable in Canadian currency during the month;
  - C the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in Canada;
  - US the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in the United States;
  - P price in the contract;
  - E the average daily selling rate for Canadian currency in United States currency during such month determined in accordance with the provisions of paragraph (a) above;

THEN: In the case of (i):

$$P_C = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{105}{E} \right)$$

In the case of (ii):

$$P_C = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{95}{E} \right)$$

- (c) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for non-consecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for gas delivered hereunder during such periods of time shall be adjusted in accordance with the formula set forth in subsection (b) of this Section 4.
- (d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for at least three (3) consecutive monthly periods, then the price payable by the Buyer to the Seller as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail shall be renegotiated between the Buyer and the Seller, PROVIDED HOWEVER that pending completion of such renegotiation the price payable by the Buyer to the Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive to the monthly periods during which the daily average selling rate for Canadian currency in United States currency exceeded One Hundred and Ten (110) United





States Cents or was less than Ninety (90) United States Cents for One (1) Canadian Dollar, and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price within six months then Seller may upon three (3) months' written notice to Buyer terminate this contract.

- (e) In no event shall the value of "Pc" as calculated under the provisions of subsections (b), (c) and (d), (for the period pending negotiation as provided therein), of this Section 4 exceed or be less than the value of "P", as the case may be, by more than One (1) Cent per Mcf of gas delivered hereunder.

5. Price Accuracy:

All calculations with respect to the price of gas shall be carried to the nearest One-hundredth of a cent.

ARTICLE VII

TAXES

1. Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon or in respect of the gas delivered hereunder up to the point of delivery of the gas to Buyer. All increases in such present gross production taxes, severance taxes and excise taxes upon or in respect of the gas delivered hereunder or the production, transportation or handling thereof up to the point of delivery of the gas to the Buyer and any tax on the pipelines in the Seller's gathering system required to be paid by Seller, shall be borne three-quarters (3/4) by the Buyer and one-quarter (1/4) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.





ARTICLE VIII

DELIVERY POINTS AND PRESSURE

1. Delivery Points:

The point of delivery for all gas delivered hereunder shall be at the outlet of the meter stations to be installed and operated by the Seller at a location to be mutually agreed upon by the Seller and the Buyer in the vicinity of the Pouce Coupe Field.

2. Delivery Pressure:

All gas sold and purchased hereunder shall be delivered at the delivery point in each of the said fields from which deliveries are taken at a pressure not exceeding Nine Hundred and Seventy-five (975) pounds per square inch gauge, and not less than Five Hundred (500) pounds per square inch gauge for the first Four (4) years of deliveries hereunder. Thereafter the Buyer will accept deliveries of gas at less than Five Hundred (500) pounds per square inch gauge but not less than One Hundred (100) pounds per square inch gauge, PROVIDED HOWEVER that in respect to gas delivered at less than Two Hundred and Fifty (250) pounds per square inch gauge the Buyer shall deduct by way of allowance for compression costs the sum of three-quarter Cents ( $3/4\text{¢}$ ) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, PROVIDED HOWEVER that in the event that gas from any field can be made available for delivery at pressures less than One Hundred (100) pounds per square inch gauge, the Seller and the Buyer will consult together for the purpose of determining the terms and conditions upon which the Buyer will accept delivery of such gas taking into consideration the cost of compression to make such gas available to the pipeline.



ARTICLE IX

QUALITY

All gas delivered by Seller to Buyer shall conform with the following specifications:-

1. Specifications:

The gas delivered hereunder shall be natural gas and shall conform to the specifications set forth under Sections 2 to 7 inclusive of this Article IX.

2. Odors and Solids:

The gas shall be commercially free from objectionable odors, solid matter, dust, gums and gum-forming constituents which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows.

3. Oxygen:

The gas shall not at any time have an oxygen content in excess of One Percent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

4. Liquids:

The gas shall be free of water and hydrocarbons in liquid form. The gas shall not contain water vapor in excess of Three (3) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate gas to a dewpoint less than Zero Degrees Fahrenheit (0°F.). The gas shall not contain liquefiable hydrocarbon content (pentanes and heavier) in excess of Two Hundred (200) United States gallons per million cubic feet, PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing



greater liquefiable hydrocarbon content for such period or periods as Buyer may prescribe from time to time.

5. Hydrogen Sulphide:

The gas shall not contain more than One (1) grain of hydrogen sulphide per One Hundred (100) cubic feet. PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater hydrogen sulphide content for such period or periods as Buyer may prescribe from time to time.

6. Total Sulphur:

The gas shall not contain more than Twenty (20) grains of total sulphur (hydrogen sulphide and mercaptan sulphur) per One Hundred (100) cubic feet.

7. Heating Value:

The gas shall have a total heating value per cubic foot of not less than Nine Hundred and Fifty (950) nor more than Eleven Hundred and Twenty-five (1,125) British Thermal Units, PROVIDED HOWEVER, that the Buyer may at the Buyer's sole discretion accept gas with a higher or lower heating value for such period or periods as the Buyer may prescribe from time to time.

ARTICLE X

MEASUREMENT

1. Unit of Volume:

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be One (1) cubic foot at an absolute pressure of Fifteen and Twenty-five Thousandths (15.025) pounds per square inch at a temperature of





Sixty Degrees Fahrenheit (60°F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted Report.

3. Deviation from Boyle's Law:

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of Six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of gas delivered hereunder during the Six (6) calendar months next following the taking of the sample from which such determination is made.

4. Specific Gravity:

The specific gravity of the gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A at the beginning of delivery and thereafter as frequently as is found expedient in practice



at the respective points where the gas is metered hereunder, and the results of the determination at each such point shall be used in computing the volumes of gas metered at such point.

5. Flowing Temperature:

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.

6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be Thirteen and Four Tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.

ARTICLE XI

MEASURING EQUIPMENT

1. Seller's Measuring Station:

Seller shall install, maintain and operate at its own expense equipment required for the measurement of the volumes, temperatures and



heating values of all gas delivered hereunder at the place of delivery. Buyer shall have access to the measuring equipment of the Seller at all reasonable hours, but the calibrating and adjusting of the measuring equipment and the changing of charts shall be done only by the Seller.

2. Check Measuring Equipment:

Buyer may install, maintain and operate at its own expense check measuring equipment as desired providing that such equipment shall be so installed as to not interfere with the operation of the Seller's measuring equipment at or near the point of delivery.

3. Right to be Present:

The Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating, or adjusting, done in connection with the measuring equipment used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.

4. Calibration and Test of Meters:

The accuracy of the measuring equipment at the point of delivery shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering correctly, the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than Two Percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment





shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding Two Percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of Fifteen (15) days.

5. Correction of Metering Errors:

In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available using the first of the following methods which is feasible:-

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

6. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least One (1) year all test data, charts, and other records of gas measurements.





Either party desiring to preserve any records for a longer period may require the other party to deliver over to it such records which shall then be retained at the expense of such party desiring the same.

## ARTICLE XII

### STATEMENTS AND PAYMENTS

1. Seller or its nominee shall render to Buyer on or before the Fifteenth (15th) day of each calendar month a statement for all gas delivered to Buyer hereunder during the preceding calendar month and payment for such gas shall be made by Buyer to Seller on or before the Twenty-fifth (25th) day of the month during which such statement is rendered. All payments accruing to the Seller hereunder shall be made to Pacific Petroleum Ltd. and Peace River Natural Gas Co. Ltd. The Seller may, from time to time, designate another person, firm or corporation to accept payments hereunder, such designation to be in writing, and from and after receipt by the Buyer of such new designation, the Buyer shall thereafter make such payments to such person, firm or corporation.

## ARTICLE XIII

### ESTIMATES OF REQUIREMENTS

1. In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimates of requirements of gas during each of the following Six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.



ARTICLE XIV

POSSESSION OF GAS

1. Point of Delivery Controls:

As between the parties to this Agreement, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

2. Responsibility:

Buyer shall have no responsibility with respect to any gas deliverable under this Agreement until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery, and Seller shall have no responsibility with respect to such gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery.

ARTICLE XV

WARRANTY AND TITLE OF GAS

1. The Seller warrants generally the title to all gas delivered to the Buyer hereunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.



ARTICLE XVI

FORCE MAJEURE

1. No failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary failure of gas supply because of freezing of wells or delivery facilities or hydrate obstructions of lines of pipe, inability to obtain pipe, materials, or equipment, the binding order of any Court or Governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; PROVIDED that no cause or contingency shall relieve Buyer of its obligation to make payments due hereunder.

ARTICLE XVII

MISCELLANEOUS

1. Non-Waiver of Future Default:

No Waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.





2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:-

<u>SELLER:</u> PACIFIC PETROLEUMS LTD.	PEACE RIVER NATURAL GAS CO. LTD
Pacific Building	Pacific Building
Calgary, Alberta;	Calgary, Alberta;

BUYER: WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,  
Petroleum Building,  
Calgary, Alberta;

or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment:

Neither party hereto shall assign this Agreement or any of its rights or obligations hereunder without the consent in writing of the other party;



PROVIDED that Seller may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all of its interest in the Leases in the lands comprised in Schedule "A" hereto, and Buyer may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system of Buyer. The provisions of this Section 5 shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

6. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. Provincial Laws:

This Agreement shall be construed in accordance with the laws of the Province of Alberta.

8. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify.



ARTICLE XVIII

ARBITRATION

1. If any dispute arises between the parties to the contract relating to matters in connection with the interpretation or construction of the provisions hereof, such dispute shall be settled by arbitration in the following manner, that is to say:-

Within Twenty (20) days after the written request of either party hereto for arbitration, the parties hereto shall agree upon and appoint one arbitrator. In case the parties shall fail to name an arbitrator within Twenty (20) days after the written request of any party for arbitration, application for the appointment of an arbitrator shall be made within Ten (10) days after the expiration of such Twenty (20) day period to any Judge of the Supreme Court of Alberta. The arbitrator so selected shall have all the powers given by The Arbitration Act, being Chapter III, Revised Statutes of Alberta, 1942, or any Act in amendment or in substitution therefor. The decision of the sole arbitrator selected as above shall be final and binding on the parties hereto.

ARTICLE XIX

FAVOURED NATIONS

1. In the event the Buyer or Westcoast Transmission Company Limited shall enter into any contracts for the purchase of gas with any producer or producers of gas, and actually take delivery of and pay for gas within the Peace



River Area of the Province of Alberta during the period of this contract upon terms more favourable to such producer or producers than the terms hereof, Seller shall have the right upon notice in writing to the Buyer to have this contract modified so as to make applicable to the sale and purchase of gas hereunder such more favourable terms as are contained in the said contracts with said producer or producers. The Buyer shall forthwith upon completion of any contracts with any producer or producers of gas as aforesaid, serve upon the Seller a true copy of each such contract.

IN WITNESS WHEREOF the parties hereto have hereunto caused their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.

SIGNED, SEALED AND DELIVERED:	)	PACIFIC PETROLEUMS LTD.,	
	)	"GEO. L. McMAHON"	
	)		(SEAL)
	)	"L. M. YOEELL"	
	)		
	)		
	)	PEACE RIVER NATURAL GAS CO. LTD.,	
	)	"GEO. L. McMAHON"	
	)		(SEAL)
	)	"A. P. BOWSHER"	
	)		
	)		
	)	WESTCOAST TRANSMISSION COMPANY	
	)	(ALBERTA) LTD.,	
	)	"D. P. McDONALD"	
	)		(SEAL)
	)	"A. P. BOWSHER"	
	)		
	)		
	)		





Westcoast Transmission Company Limited does hereby consent to the execution of the within Agreement by Westcoast Transmission Company (Alberta) Ltd., and does hereby approve the terms thereof.

In consideration of your Company entering into the said Agreement, Westcoast Transmission Company Limited does hereby covenant and agree with your Company, its successors and assigns, that if default should at any time be made by Westcoast Transmission Company (Alberta) Ltd., its successors and assigns, in payment of any moneys which shall hereafter be due to your Company in accordance with the terms of the said Agreement, or the due observance and performance of any term and condition of the said Agreement to be observed and performed by it, then Westcoast Transmission Company Limited will forthwith pay all such moneys due and payable to your Company and will perform and carry out or cause to be performed and carried out each and every term and condition of the said Agreement in accordance with the purpose and intent thereof.

It shall not be necessary for your Company to notify Westcoast Transmission Company Limited of the occurrence of any such default.

This guarantee shall be a continuing guarantee and is to remain in force concurrently with the terms of the said Agreement.

DATED at the City of Calgary, in the Province of Alberta, this 1st day of February, A.D. 1955.

WESTCOAST TRANSMISSION COMPANY LTD.,

By "D.P. McDonald"

(Seal)

"A.P. Bowsher"



Schedule "A" to the Gas Purchase Agreement made between Pacific Petroleum Ltd. and Peace River Natural Gas Co. Ltd. as Seller of the First Part, and Westcoast Transmission Company (Alberta) Ltd. as Buyer of the Second Part, dated the 1st day of February, A.D. 1955.

Lands as to which all the gas rights are owned or controlled by the Seller under and by virtue of Natural Gas Licenses, Natural Gas Leases and Petroleum and Natural Gas Reservations and Petroleum and Natural Gas Leases.

Pouce Coupe Area (Alberta).

Pacific Petroleum Ltd. Lands:

1. Lands contained in Natural Gas License No. 70

Natural Gas in the Cadotte zone designated as the strata which are present between the depths of 2,360 feet and 2,551 feet.

Sections Fourteen (14), Fifteen (15), Twenty-one (21), Twenty-two (22), Twenty-three (23) and Twenty-eight (28) in Township Eighty (80), Range Twelve (12), West of the Sixth (6) Meridian.

2. Lands contained in Natural Gas Lease No. 201

Sections Seven (7) and Eight (8), the East half of Section Twenty (20), the South half of Section Twenty-nine (29) in Township Eighty (80), Range Twelve (12), West of the Sixth (6) Meridian;

- and -

The South half of Section Nine (9), Sections Ten (10) and Twelve (12), the South East Quarter, Legal Subdivisions Nine (9) and Ten (10), the South half of Legal Subdivision Fifteen (15) and Legal Subdivision Sixteen (16) of Section Twenty-three (23), the North half, Legal Subdivision One (1), the North half of Legal Subdivision Two (2) and Legal Subdivisions Seven (7) and Eight (8) of Section Twenty-six (26), Sections Thirty-four (34) and Thirty-five (35) and those portions of the West half of Section Eight (8) and Sections Seventeen (17), Twenty (20) and Thirty-two (32) lying within the Province of Alberta in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

3. Lands contained in Petroleum and Natural Gas Lease No. 86691

The North half of Section Four (4) in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.



4. Lands contained in Petroleum and Natural Gas Lease No. 87365

The West half of Section Twenty (20) in Township Eighty (80), Range Twelve (12), West of the Sixth (6) Meridian.

Peace River Natural Gas Co. Ltd. Lands:

1. Lands contained in Petroleum and Natural Gas Lease No. 74569

Sections Sixteen (16) and Seventeen (17) in Township Eighty (80), Range Twelve (12), West of the Sixth (6) Meridian.

2. Lands contained in Petroleum and Natural Gas Lease No. 74571

Section Eighteen (18) in Township Eighty (80), Range Twelve (12), West of the Sixth (6) Meridian;

- and -

Section Thirteen (13) in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian..

3. Lands contained in Petroleum and Natural Gas Lease No. 80054

The North West Quarter of Section Nineteen (19), in Township Eighty (80), Range Twelve (12), West of the Sixth (6) Meridian.

4. Lands contained in Petroleum and Natural Gas Lease No. 80055

The North East Quarter of Section Nineteen (19), in Township Eighty (80), Range Twelve (12), West of the Sixth (6) Meridian.

5. Lands contained in Petroleum and Natural Gas Lease No. 80056

The South East Quarter of Section Nineteen (19), in Township Eighty (80), Range Twelve (12), West of the Sixth (6) Meridian.

6. Lands contained in Petroleum and Natural Gas Lease No. 80057

The South West Quarter of Section Nineteen (19), in Township Eighty (80), Range Twelve (12), West of the Sixth (6) Meridian.





7. Lands contained in Petroleum and Natural Gas Lease No. 73853

Section Thirty (30), in Township Eighty (80), Range Twelve (12), West of the Sixth (6) Meridian.

- and -

Section Twenty-five (25), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

8. Lands contained in Petroleum and Natural Gas Lease No. 73854

Section Twenty-four (24) in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

9. Lands contained in Petroleum and Natural Gas Lease No. 74570

Section Eleven (11) in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

10. Lands contained in Petroleum and Natural Gas Lease No. 80058

The North East Quarter of Section Fourteen (14), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

11. Lands contained in Petroleum and Natural Gas Lease No. 80059

The North West Quarter of Section Fourteen (14), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

12. Lands contained in Petroleum and Natural Gas Lease No. 80060

The South East Quarter of Section Fourteen (14), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

13. Lands contained in Petroleum and Natural Gas Lease No. 80061

The South West Quarter of Section Fourteen (14), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

14. Lands contained in Petroleum and Natural Gas Lease No. 86585

The East half of Section Eight (8), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.



15. Lands contained in Petroleum and Natural Gas Lease No. 86584

The South half of Section Sixteen (16), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

16. Lands contained in Petroleum and Natural Gas Lease No. 74568

Section Fifteen (15), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

17. Lands contained in Petroleum and Natural Gas Lease No. 73855

The North half of Section Sixteen (16) and the South half of Section Twenty-one (21), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

18. Lands contained in Petroleum and Natural Gas Lease No. 73856

Section Twenty-two (22), the West half of Section Twenty-three (23), the South West Quarter of Section Twenty-six (26), the South half of Section Twenty-seven (27), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

19. Lands contained in Petroleum and Natural Gas Lease No. 80084

The North East Quarter of Section Twenty-one (21), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

20. Lands contained in Petroleum and Natural Gas Lease No. 80062

The North West Quarter of Section Twenty-one (21), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

21. Lands contained in Petroleum and Natural Gas Lease No. 80063

The North East Quarter of Section Twenty-Seven (27), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

22. Lands contained in Petroleum and Natural Gas Lease No. 80064

The North West quarter of Section Twenty-seven (27), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.



23. Lands contained in Petroleum and Natural Gas Lease No. 80065

The South East Quarter of Section Twenty-eight (28), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

24. Lands contained in Petroleum and Natural Gas Lease No. 80066

The South West Quarter of Section Twenty-eight (28), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

25. Lands contained in Petroleum and Natural Gas Lease No. 85932

That portion of Section Twenty-nine (29), lying to the East of the Alberta, British Columbia Boundary of Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.

26. Lands contained in Petroleum and Natural Gas Lease No. 85933

The North half of Section Twenty-eight (28), and Section Thirty-three (33), in Township Eighty (80), Range Thirteen (13), West of the Sixth (6) Meridian.









Abstract of Supplementary Agreement and Amendment to Gas Purchase Contract dated February 1, 1955 between Pacific Petroleum Limited and Peace River Natural Gas Co. Ltd., and Westcoast Transmission Company Limited.

( Pouce Coupe - Alberta )

Supplementary Agreement - April 21, 1955

On four months' notice by Buyer to Seller, for the period from first delivery of gas to December 31, 1960, Seller is required to deliver an additional volume of gas of up to 10 MMcf/day.

Amendment - December 23, 1955

1. Paragraph 1 of Article V is amended to delete the phrase "Seller's undivided interest in" which refers to the volumes of gas to be delivered to Buyer.
2. Wording is added to Schedule "A" providing that the gas rights to the lands under contract are owned or controlled by Seller by virtue of Natural Gas Licenses and Leases and Petroleum and Natural Gas Reservations and Leases.

Letter August 5, 1957

1. This letter replaces and supersedes the letter of notification by Westcoast dated November 7, 1956. (Estimated requirements from the Pouce Coupe area).
2. The requirement of 4 months' notice, as set forth in the amendment dated April 21, 1955, is waived.







DATED: 9th day of February A.D. 1955.

REVISED TO: 15th day of December A.D. 1955.

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BETWEEN: ROYALITE OIL COMPANY LIMITED and  
CANADIAN FINA OIL LIMITED

The "Seller" of the First Part,

- and -

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,

The "Buyer" of the Second Part,

---

GAS PURCHASE AGREEMENT

Re: Gordondale Field,  
Alberta.

---

OFFICE CONSOLIDATION





THIS AGREEMENT made this 9th day of February, A.D. 1955,

BETWEEN:

ROYALITE OIL COMPANY LIMITED and  
CANADIAN FINA OIL LIMITED, bodies  
corporate both with offices at the City of  
Calgary, in the Province of Alberta.

(hereinafter called the "Seller")

OF THE FIRST PART,

-and-

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.  
a body corporate with head office at the City  
of Calgary, in the Province of Alberta,

(hereinafter called the "Buyer")

OF THE SECOND PART.

WITNESSETH that in consideration of the mutual covenants hereinafter  
set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the parties  
hereto as follows:

#### ARTICLE I

#### REPRESENTATIONS

##### 1. Buyer's Representations:

The Buyer represents that it proposes to construct and operate a natural gas gathering system for the purpose of gathering the gas produced in fields in the Peace River area of Alberta to be sold and delivered by the Buyer to Westcoast Transmission Company Limited at a point approximately three (3) miles East of the British Columbia border. Westcoast Transmission Company Limited proposes to construct and operate a natural gas transmission line for the transmission of gas from the gas fields in northern Alberta including gas to be sold by the Seller to the Buyer hereunder, and northern British Columbia to a point on the International Boundary between the Province of British Columbia and the State of Washington near Sumas, Washington, and serve



customers in British Columbia en route. The Westcoast Transmission Company Limited will sell gas at a connection in the vicinity of Sumas to a pipeline system to be constructed to serve consumers in the Western United States.

2. Seller's Representations:

Seller represents that it owns or controls an interest in the natural gas rights in and under the lands described in Schedule "A" hereto attached and by reference made a part hereof, as therein more particularly described.

The Seller further represents that the Seller is willing, subject to the provisions of this contract, except as to gas reserved to the Seller as herein provided, to make available to the pipeline to be constructed by Buyer its gas produced from the said lands.

3. Buyer's Performance with Diligence:

The Buyer agrees to proceed with diligence with its endeavours to procure all Governmental authorities, permits and rights necessary for the construction and operation of its pipeline, and upon procuring the same to proceed with diligence with the construction of its said pipeline facilities. HOWEVER, upon the happening of any one of the following contingencies, to wit:-

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the western United States containing terms and conditions satisfactory to such customer or customers.
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956.

The Seller shall have the right to terminate this contract by written notice to be delivered to Buyer at any time after happening of any such contingency.



4. Seller's Performance with Diligence:

Seller agrees that it will be ready to deliver gas under this contract whenever the pipeline facilities of the Buyer are ready to receive the same, and that, subject to the other terms of this Agreement, it will drill such wells and install such facilities thereafter with diligence as needed for the performance of this contract. HOWEVER, upon the happening of any of the following contingencies, to wit:

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States containing terms and conditions satisfactory to such customer or customers.
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956,

the Buyer shall have the right to terminate this contract by written notice to be delivered to Seller at any time after the happening of any such contingency.

5. Non-Waiver of Remedies:

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described in Sections 3 and 4 of this Article I shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.

ARTICLE II

TERM

1. Subject to prior termination under the provisions of Article I or Section 3 of Article VI hereof, this Agreement shall remain in force and effect from the date hereof for the term of the Leases in effect from time to time covering the lands described in Schedule "A" and, subject to the renewal thereof, as long thereafter as gas shall be





produced from the lands covered by the Leases in such amount as in Seller's judgment is profitable to the Seller, or until the amount of gas available to Buyer hereunder shall no longer be profitable in Buyer's judgment to the Buyer.

### ARTICLE III

#### DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this Agreement shall have the following meanings:-

1. The term "day" shall mean a period of Twenty-four (24) consecutive hours beginning and ending at Eight (8.00) A.M. Pacific Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A.M. on the First day of the calendar month and ending at Eight (8:00) A.M. on the First day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning January First and ending December Thirty-first.
4. The term "cubic foot" shall mean the volume of gas which occupies One (1) cubic foot when such gas is at a temperature of Sixty Degrees Fahrenheit (60°F.), and at a pressure of Fifteen and Twenty-five thousandths (15.025) pounds per square inch absolute.
5. The term "Mcf" shall mean One Thousand (1,000) cubic feet of gas.
6. The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of One (1) pound of water One Degree Fahrenheit (1° F.) at Sixty Degrees Fahrenheit (60° F.).
7. The term "total heating value" when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of One (1) cubic foot at a temperature of Sixty Degrees Fahrenheit





(60° F.), if saturated with water vapor, and under a pressure equal to that of Thirty (30) inches of mercury at Thirty-two Degrees Fahrenheit (32° F.) and under standard gravitational force (acceleration Nine Hundred and Eighty and Six Hundred and Sixty-five Thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.

8. The term "Buyer" shall mean Westcoast Transmission Company (Alberta) Ltd.
9. The term "Seller" shall mean Royalite Oil Company Limited and Canadian Fina Oil Limited, or their assignee.
10. The term "Lease" shall mean and include any document by virtue of which the Seller is entitled to own, drill for and produce and sell gas from the lands described in the Schedule "A" hereto attached.
11. The term "Westcoast Transmission Company Limited" shall mean and include the Westcoast Transmission Company Limited, a body corporate incorporated by Act of Parliament of Canada, or its successors or assigns.
12. The term "natural gas" means natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
13. The term "billing demand" means the total of the contract demand under the terms of the contract made between Westcoast Transmission Company Limited and Pacific Northwest Pipe Line Corporation dated December 11, 1954, and the maximum quantity of firm gas delivered by Westcoast Transmission Company Limited to its customers in British Columbia on any one day during the twelve (12) months ending with the billing month, exclusive however of gas delivered by Westcoast Transmission Company Limited to its customers both in Canada and the United States on an interruptible basis, that is to say, subject to curtailment or interruption upon notice by Westcoast Transmission Company Limited whenever and to the extent that in the sole judgment of Westcoast Transmission Company Limited such curtailment or interruption is necessary.



ARTICLE IV

AVAILABILITY OF GAS

1. Gas Reserves under Contract:

The Seller represents that all the Leases covered by this contract may be subject to renewal from time to time as in the said Leases provided and the Seller is entitled to sell or dispose of its interest as described in Schedule "A" hereto attached in all gas produced from the lands covered thereby. Subject to the possibility of termination of this contract as herein provided and the other provisions hereof, Seller hereby agrees to maintain its interest in the said Leases in full force and effect and apply for renewals thereof from time to time and to sell and deliver to Buyer the volumes of gas to be sold and purchased in accordance with the terms hereof, produced and saved from the lands covered by the Leases as shown on Schedule "A", excepting and reserving, however, the following rights: -

- (1) The right to use such gas produced from any one or more of said Leases, at the Seller's option, as Seller may need or require the same for development of Seller's properties situated within the same field, including, but not limited to, the use of gas for fuel, drilling, developing and operating said properties, for the production of oil, gas or other minerals.
- (2) The right to use such gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for the Seller (providing that such processing plants are located in the Gordondale Field, but whether or not the processing plants are owned by others than the Seller) or for effecting delivery of the gas to the Buyer, it being recognized by the Buyer that gas so used by the Seller, and gas lost through process shrinkage or gathering operations, is reserved to Seller.
- (3) The right to process or to have processed for it such gas.
- (4) The right, as between Buyer and Seller, to retain and dispose of, (free from any and all claims by Buyer), any and all liquids recovered by or for the Seller from the gas prior to delivery to the Buyer.





- (5) The right to operate the Leases covered by this contract, free from any and all control by the Buyer, in such manner as the Seller, in its sole discretion, deems advisable, including, without limitation, the right to drill new wells, and to repair or rework old wells.
- (6) The right from time to time to sell and dispose of volumes of surplus gas which Buyer is not purchasing and which Seller, in its sole judgment and in good faith, considers prudent to establish as a reasonable rate of production of gas from the Gordondale field. Subject to the above, Seller agrees not to sell surplus gas in quantities which would deplete Seller's reserves to the extent that such reserves equal less than ten million Mcf for each one thousand Mcf of the then daily maximum contract quantity of gas which Seller is obligated to deliver hereunder to Buyer, said ten million Mcf being reduced by Four Percent (4%) each calendar year following the effective date.

## 2. Maintenance of Leases:

Seller shall not be required to retain by payment of rentals lands which, in Seller's judgment, have been condemned by development, nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit, but before releasing any gas Lease on any such lands, Seller shall give Buyer timely notice that it proposes to release the same, and, upon demand by Buyer, assign to Buyer its interest in such gas Lease, upon payment by Buyer to Seller of the Seller's interest in the salvage value of any casing and other equipment of Seller in any well or wells or located on the lands covered thereby or used in conjunction therewith. In the event Buyer shall, pursuant to the foregoing provisions, acquire any gas Leases, Buyer shall have the right to take into its pipeline gas produced from the lands covered by such lands covered by such Leases and the maximum volumes specified in Section 1 of Article V shall be reduced in like amount. PROVIDED that the provisions of this paragraph shall not be construed to impose on the Seller any obligation to gather or treat such gas for the account of the Buyer.

## 3. Limitation to Legal Production:

The volumes of gas that Seller shall be obligated to deliver to Buyer under the terms of this contract shall be limited to volumes of gas which can be legally





produced or produced in accordance with sound field practice from the lands covered by this contract less the volumes of gas excepted and reserved as provided in this contract.

ARTICLE V

SALE AND PURCHASE OF GAS

1. Maximum Day Volumes:

The maximum volume of gas that Seller shall be required to sell and deliver to Buyer hereunder in any one day shall be the following volumes: -

<u>Period</u>	<u>Million Cu. Ft. Per Day</u>
For the period following the first delivery of gas to January 1, 1958:	-
For the following calendar year:	27
For the following calendar year, and for each calendar year thereafter:	40

In the event that the Seller is unable for a period of Fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum day volumes specified in Section 1 of this Article V, when the Buyer is ready and able to accept the same, the Buyer shall have the right, in addition to any other right which Buyer may have under the terms of this Agreement, to reduce the volumes specified in Section 1 of this Article V in the proportion that the average daily deliveries during such Fifteen (15) day period bears to the maximum day volumes specified in Section 1 of this Article V, PROVIDED HOWEVER upon the Seller remedying or partially remedying the deficiency within the following calendar year, the applicable and maximum volume specified in Section 1 of this Article V shall be reinstated or partially reinstated as the case may be.

In the event the United States customer of Buyer is not authorized to import the volumes specified in subsections (a), (b) and (c) of Section 1 of Article IV of the contract



between the said customer and the Buyer dated December 11, 1954, then the Buyer shall have the right, for the period the customer is not authorized as aforesaid, to reduce the maximum volumes set out in Section 1 of this Article V in the proportion that the volumes authorized to be imported bear to the said volumes specified in the said contract.

2. Contract Volumes:

Subject to the provisions of this contract, Seller agrees to sell and deliver and Buyer agrees to purchase and receive from Seller the Seller's interest in the maximum day volumes from the Gordondale field set forth in Section 1 of this Article V at a high load factor estimated at approximately eighty percent (80%) and the Buyer shall purchase and receive from Seller or pay for (in accordance with Section 3 of this Article V) the Seller's interest in an annual volume of gas equal to ninety percent (90%) of the total annual volume of gas purchased from Alberta fields (exclusive of deficiency volumes purchased pursuant to Section 3 of this Article V) multiplied by the maximum day volume obligation for the Gordondale Field in effect from time to time and divided by the total maximum day obligation of all Sellers under contract to Buyer producing gas from Alberta fields, PROVIDED HOWEVER, that the volume of gas from the Gordondale Field which Buyer shall receive or pay for during any year shall not be less than 263 times the maximum day volume obligation in effect from time to time.

3. Make up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January First of each year, in the event the total volume of gas purchased by Buyer from Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed by law, be less than a volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of gas not so purchased by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding calendar year and paid for



at the price or prices applicable to the date or dates when such gas shall be delivered, and any such deficiency volume of gas not so accepted and purchased during such succeeding calendar year shall be paid for by Buyer at the end of such succeeding calendar year at the price provided in this contract applicable to the volume of gas delivered on the last day of the calendar year in which the deficiency occurred. Such deficiency volume of gas accepted and purchased by Buyer during any such succeeding calendar year to make up deficiencies in purchases during the preceding calendar year shall not be deemed to be a part of the annual volume of gas required to be accepted and purchased by Buyer hereunder during such succeeding calendar year, PROVIDED HOWEVER that the Seller shall not be required to deliver gas at daily rates in excess of the maximum daily rate in effect as specified in Section 1 of this Article V.

## ARTICLE VI

### PRICE

#### 1. Price Schedule:

Subject to the adjustment hereinafter provided for, the Buyer agrees to pay to the Seller for all gas delivered or contracted to be delivered hereunder the base price as follows:

	<u>Per Mcf Cents</u>
For the period following the first delivery of gas to January 1, 1958	6¢
For the next ensuing five (5) years	10¢
For the sixth year	10 $\frac{1}{4}$ ¢
For the seventh year	10 $\frac{1}{4}$ ¢
For the eighth year	10 $\frac{1}{2}$ ¢
For the ninth year	10 $\frac{1}{2}$ ¢
For the tenth year	10-3/4¢
For the eleventh year	11¢
For the twelfth year	11 $\frac{1}{4}$ ¢
For the Thirteenth year	11 $\frac{1}{2}$ ¢
For the fourteenth year	11-3/4¢
For the fifteenth year	12¢





	Per Mcf Cents
For the sixteenth year	12¢
For the seventeenth year	12 $\frac{1}{4}$ ¢
For the eighteenth year	12 $\frac{1}{2}$ ¢
For the nineteenth year	12 $\frac{1}{2}$ ¢
For the twentieth year	12 $\frac{1}{2}$ ¢

## 2. Volume Adjustment:

For each month after January 1, 1958, during which the maximum billing demand billed to its customers by Westcoast Transmission Company Limited is less than 460,000 Mcf per day, the prices set forth in paragraph 1 of this Article VI shall be reduced as follows:-

<u>Average Monthly Maximum Day:</u>	<u>Adjustment per Mcf - Cents</u>
Less than 460,000 but equal to or more than 425,000	$\frac{1}{2}$ ¢
Less than 425,000 but equal to or more than 400,000	$\frac{3}{4}$ ¢
Less than 400,000 but equal to or more than 375,000	1- $\frac{3}{4}$ ¢
Less than 375,000 but equal to or more than 350,000	2- $\frac{3}{4}$ ¢
Less than 350,000 but equal to or more than 325,000	3 $\frac{1}{2}$ ¢
Less than 325,000 but equal to or more than 300,000	3- $\frac{3}{4}$ ¢
Less than 300,000 but equal to or more than 250,000	4¢

## 3. Price after Twenty Years:

On or before the First day of January in the Twentieth (20) calendar year referred to in Section 1 hereof, the Seller and the Buyer shall consult together to determine by mutual agreement the price or prices to be paid by the Buyer to the Seller for gas delivered by the Seller to the Buyer after the expiration of the total period of Twenty (20) years referred to in Section 1 hereof. In the event the Seller and the Buyer are unable to mutually agree upon the said price or prices, then the Buyer shall pay to the Seller the price or prices in effect in the said Twentieth (20th) calendar year for all gas delivered hereunder after the expiration of the Twentieth (20th) year. SUBJECT HOWEVER, to the right of the Seller, at any time after the expiration of the said Twentieth (20th) calendar year to terminate this contract upon Six (6) months' notice in writing to the Buyer.





4. Currency:

- (a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States Currency as published at Twelve o'clock (12:00) noon Eastern Standard Time or Eastern Daylight Time, as the case may be, by the Bank of Montreal, The Royal Bank of Canada and The Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five (105) United States Cents or not less than Ninety-five (95) United States Cents for One (1) Canadian Dollar, then the total quantity of gas delivered by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.
- (b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for United States currency is:-
  - (i) In excess of One Hundred and Five ( 105) United States Cents and is not more than One Hundred and Ten (110) United States Cents for One (1) Canadian Dollar; or
  - (ii) Less than Ninety-five (95) United States Cents but not less than Ninety (90) United States Cents for One (1) Canadian Dollar;

then the total quantity of gas delivered by the Seller to the Buyer in each such month, subject to the provisions of sub-section (e) of this Section 3, shall be considered sold and purchased at the price in Canadian currency calculated as follows:

- LET:
- Pc Price payable in Canadian currency during the month;
  - C the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in Canada;
  - US the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in the United States;
  - P price in the contract;
  - E the average daily selling rate for Canadian currency in United States currency during such month determined in accordance with the provisions of paragraph (a) above;



THEN: In the case of (i):

$$P_c = \left( \frac{C}{C+US} \times P \right) + \left( \frac{US}{C+US} \times P \times \frac{105}{E} \right)$$

In the case of (ii):

$$P_C = \left( \frac{C}{C+US} \times P \right) + \left( \frac{US}{C+US} \times P \times \frac{95}{E} \right)$$

- (c) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for non-consecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for gas delivered hereunder during such periods of time shall be adjusted in accordance with the formula set forth in subsection (b) of this Section 3.
- (d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for at least three (3) consecutive monthly Periods, then the price payable by the Buyer to the Seller as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail shall be renegotiated between the Buyer and the Seller, PROVIDED HOWEVER that pending completion of such renegotiation the price payable by the Buyer to the Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive to the monthly periods during which the daily average selling rate for Canadian currency in United States currency exceeded One Hundred and Ten (110) United States Cents or was less than Ninety (90) United States Cents for One (1) Canadian Dollar, and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price within six months then Seller may upon three (3) months' written notice to Buyer terminate this contract.
- (e) In no event shall the value of "Pc" as calculated under the provisions of subsections (b), (c) and (d), (for the period pending negotiation as provided therein,) of this Section 3 exceed or be less than the value of "P", as the case may be, by more than One (1) Cent per Mcf of gas delivered hereunder.

##### 5. Price Accuracy:

All calculations with respect to the price of gas shall be carried to the nearest One-hundredth of a cent.



ARTICLE VII

TAXES

1. Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon or in respect of the gas delivered hereunder up to the point of delivery of the gas to Buyer. All increases in such present gross production taxes, severance taxes and excise taxes upon or in respect of the gas delivered hereunder of the production, transportation or handling thereof up to the point of delivery of the gas to Buyer and any tax on the pipelines in the Seller's gathering system required to be paid by Seller, shall be borne three-quarters ( $\frac{3}{4}$ ) by the Buyer and one-quarter ( $\frac{1}{4}$ ) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.

ARTICLE VIII

DELIVERY POINTS AND PRESSURE

1. Delivery Points:

The point of delivery for all gas delivered hereunder shall be at the outlet of the meter stations to be installed and operated by the Seller at a location to be mutually agreed upon by the Seller and the Buyer in the vicinity of the Gordondale field.

2. Delivery Pressure:

All gas sold and purchased hereunder shall be delivered at the delivery point in each of the said fields from which deliveries are taken at a pressure not exceeding Nine Hundred and Seventy-five (975) pounds per square inch gauge, and not less than Five Hundred (500) pounds per square inch gauge for the first Four (4) years of deliveries hereunder. Thereafter the Buyer will accept deliveries of gas at less than Five Hundred







(500) pounds per square inch gauge but not less than One Hundred (100) pounds per square inch gauge, PROVIDED HOWEVER that in respect to gas delivered at less than Two Hundred and Fifty (250) pounds per square inch gauge the Buyer shall deduct by way of allowance for compression costs the sum of three-quarter Cents (3/4¢) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, PROVIDED HOWEVER that in the event that gas from any field can be made available for delivery at pressures less than One Hundred (100) pounds per square inch gauge, the Seller and the Buyer will consult together for the purpose of determining the terms and conditions upon which the Buyer will accept delivery of such gas taking into consideration the cost of compression to make such gas available to the pipeline.

## ARTICLE IX

### QUALITY

All gas delivered by Seller to Buyer shall conform with the following specifications: -

#### 1. Specifications:

The gas delivered hereunder shall be natural gas and shall conform to the specifications set forth under Sections 3 to 8 inclusive of this Article IX.

#### 2. Odors and Solids:

The gas shall be commercially free from objectionable odors, solid matter, dust, gums and gum-forming constituents which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows.

#### 3. Oxygen:

The gas shall not at any time have an oxygen content in excess of One Percent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.



4. Liquids:

The gas shall be free of water and hydrocarbons in liquid form. The gas shall not contain water vapor in excess of Three (3) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate gas to a dewpoint less than Zero Degrees Fahrenheit (0° F.) The gas shall not contain liquefiable hydrocarbon content (pentanes and heavier) in excess of Two Hundred (200) United States gallons per million cubic feet, PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater liquefiable hydrocarbon content for such period or periods as Buyer may prescribe from time to time.

5. Hydrogen Sulphide:

The gas shall not contain more than One (1) grain of hydrogen sulphide per One Hundred (100) cubic feet, PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater hydrogen sulphide content for such period or periods as Buyer may prescribe from time to time.

6. Total Sulphur:

The gas shall not contain more than Twenty (20) grains of total sulphur (hydrogen sulphide and mercaptan sulphur) per one hundred (100) cubic feet.

7. Heating Value:

The gas shall have a total heating value per cubic foot of not less than Nine Hundred and Fifty (950) nor more than Eleven Hundred and Twenty-five (1,125) British Thermal Units, PROVIDED HOWEVER, that the Buyer may at the Buyer's sole discretion accept gas with a higher or lower heating value for such period or periods as the Buyer may prescribe from time to time.



ARTICLE X

MEASUREMENT

1. Unit of Volume:

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be One (1) cubic foot at an absolute pressure of Fifteen and Twenty-five Thousandths (15,025) pounds per square inch at a temperature of Sixty Degrees Fahrenheit (60° F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted Report.

3. Deviation from Boyle's Law:

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of Six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final.





The results of each such determination shall be used in computing the volumes of gas delivered hereunder during the Six (6) calendar months next following the taking of the sample from which such determination is made.

4. Specific Gravity:

The specific gravity of the gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No, 50-A at the beginning of delivery and thereafter as frequently as is found expedient in practice at the respective points where the gas is metered hereunder, and the results of the determination at each such point shall be used in computing the volumes of gas metered at such point.

5. Flowing Temperature:

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.

6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be Thirteen and Four Tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.

ARTICLE XI  
MEASURING EQUIPMENT

1. Seller's Measuring Station:

Seller shall install, maintain and operate at its own expense equipment required





for the measurement of the volumes, temperatures and heating values of all gas delivered hereunder at the place of delivery. Buyer shall have access to the measuring equipment of the Seller at all reasonable hours, but the calibrating and adjusting of the measuring equipment and the changing of charts shall be done only by the Seller.

2. Check Measuring Equipment:

Buyer may install, maintain and operate at its own expense check measuring equipment as desired providing that such equipment shall be so installed as to not interfere with the operation of the Seller's measuring equipment at or near the point of delivery.

3. Right to be Present:

The Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating, or adjusting, done in connection with the measuring equipment used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.

4. Calibration and Test of Meters:

The accuracy of the measuring equipment at the point of delivery shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering correctly, the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than Two Percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding Two Percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely



or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of Fifteen (15) days,

5. Correction of Metering Errors:

In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available using the first of the following methods which is feasible:-

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

6. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least Six (6) years all test data, charts, and other records of gas measurements.

ARTICLE XII

STATEMENTS AND PAYMENTS

1. Seller or its nominee shall render to Buyer on or before the Fifteenth (15th) day of each calendar month a statement for all gas delivered to Buyer hereunder during the preceding calendar month and payment for such gas shall be made by Buyer to Seller on or before the Twenty-fifth (25th) day of the month during which such statement is rendered. All payments accruing to the Seller hereunder shall be made to Canadian Fina Oil Limited. The Seller may, from time to time, designate another person, firm or corporation to accept payments



hereunder, such designation to be in writing, and from and after receipt by the Buyer of such new designation, the Buyer shall thereafter make such payments to such person, firm or corporation.

### ARTICLE XIII

#### ESTIMATES OF REQUIREMENTS

1. In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimates of requirements of gas during each of the following Six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

### ARTICLE XIV

#### POSSESSION OF GAS

##### 1. Point of Delivery Controls:

As between the parties to the gas sales contract, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

##### 2. Responsibility:

Buyer shall have no responsibility with respect to any gas deliverable under the gas sales contract until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery, and Seller shall have no responsibility with respect to such gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery.





ARTICLE XV

WARRANTY AND TITLE OF GAS

1. The Seller warrants generally the title to all gas delivered to the Buyer hereunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.

ARTICLE XVI

FORCE MAJEURE

1. No failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary failure of gas supply because of freezing of wells or delivery facilities or hydrate obstructions of lines of pipe, inability to obtain pipe, materials or equipment, the binding order of any Court or Governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension, PROVIDED that no cause or contingency shall relieve Buyer of its obligation to make payments due hereunder.

ARTICLE XVII

MISCELLANEOUS

1. Non-Waiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.



2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:

<u>SELLER:</u>	ROYALITE OIL COMPANY LIMITED	CANADIAN FINA OIL LIMITED
	239 Sixth Avenue West,	2nd Floor Bamlett Building,
	Calgary, Alberta	Calgary, Alberta

BUYER: WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.  
7th Floor, Pacific Building,  
CALGARY, Alberta;

or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment:

The Seller shall not assign this Agreement or any of its rights or obligations hereunder or any interest in the lands referred to in Schedule "A" without the prior consent in writing of



the Buyer being first had and obtained, which consent will not be unreasonably withheld. Any such assignment, shall contain a covenant by the Assignee, Transferee or purchaser in favour of the Buyer in consideration of its consent aforesaid, to be bound by, observe and perform all the terms and provisions of this Agreement applicable and proportionate to the interest so assigned, transferred or sold covered thereby. The restrictive provisions of this clause herein shall not apply to any assignment of the entire interest of the Assignor pursuant to the merger or amalgamation of the Seller with any other corporation which shall in writing assume the obligations of the Assignor or the Seller mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of the Seller.

The Buyer shall not assign this Agreement or any of its rights or obligations hereunder without the consent in writing of the Seller; PROVIDED Buyer may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system of Buyer. The provisions of this Section 5 shall not be construed to prohibit the Buyer, without the consent of the Seller, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

6. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. Provincial Laws:

This Agreement shall be construed in accordance with the laws of the Province of Alberta.

8. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information





as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify applicable to the performance of this contract.

ARTICLE XVIII

ARBITRATION

1. If any dispute arises between the parties to the contract relating to matters in connection with the interpretation or construction of the provisions hereof, such dispute shall be settled by arbitration in the following manner, that is to say:-

Within Twenty (20) days after the written request of either party hereto for arbitration, the parties hereto shall agree upon and appoint one arbitrator. In case the parties shall fail to name an arbitrator within Twenty (20) days after the written request of any party for arbitration, application for the appointment of an arbitrator shall be made within Ten (10) days after the expiration of such Twenty (20) day period to any Judge of the Supreme Court of Alberta. The arbitrator so selected shall have all the powers given by The Arbitration Act, being Chapter III, Revised Statutes of Alberta, 1942, or any Act in amendment or in substitution therefor. The decision of the sole arbitrator selected as above shall be final and binding on the parties hereto,

ARTICLE XIX

FAVORED NATIONS

1. In the event the Buyer or Westcoast Transmission Company Limited shall enter





into any contracts for the purchase of gas with any producer or producers of gas, and actually take delivery of and pay for gas within the Peace River Area of the Province of Alberta during the period of this contract upon terms more favourable to such producer or producers than the terms hereof. Seller shall have the right upon notice in writing to the Buyer to have this contract modified so as to make applicable to the sale and purchase of gas hereunder such more favourable terms as are contained in the said contracts with said producer or producers. The Buyer shall forthwith upon completion of any contracts with any producer or producers of gas as aforesaid, serve upon the Seller a true copy of each such contract.

IN WITNESS WHEREOF the parties hereto have hereunto caused their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.

SIGNED, SEALED AND DELIVERED ) ROYALITE OIL COMPANY LIMITED

)  
)  
) "Ray Althouse"  
) Vice President (Seal)  
)  
) "J. W. Whitaker"  
) Assistant Secretary

) CANADIAN FINA OIL LIMITED

Approved as  
to Content  
"G.A.C."  
Petroleum Engineering  
Department

)  
) "Trajan Nitescu"  
) President (Seal)  
)  
) "Robert G. Black"  
) Secretary

) WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD

)  
) "D. P. McDonald"  
) (Seal)  
) "A. P. Bowsher"



TO

Westcoast Transmission Company Limited does hereby consent to the execution of the within Agreement by Westcoast Transmission Company (Alberta) Ltd., and does hereby approve the terms thereof.

In consideration of your Company entering into the said agreement, Westcoast Transmission Company Limited does hereby covenant and agree with your Company, its successors and assigns, that if default should at any time be made by Westcoast Transmission Company (Alberta) Ltd., its successors and assigns, in payment of any moneys which shall hereafter be due to your Company in accordance with the terms of the said Agreement, or the due observance and performance of any term and condition of the said Agreement to be observed and performed by it, then Westcoast Transmission Company Limited will forthwith pay all such moneys due and payable to your Company and will perform and carry out or cause to be performed and carried out each and every term and condition of the said Agreement in accordance with the purpose and intent thereof.

It shall not be necessary for your Company to notify Westcoast Transmission Company Limited of the occurrence of any such default.

This guarantee shall be a continuing guarantee and is to remain in force concurrently with the terms of the said Agreement.

DATED at the City of Calgary, in the Province of Alberta, this 9th day of February, A.D. 1955.

WESTCOAST TRANSMISSION COMPANY LIMITED,

By "D. P. McDonald"

"A. P. Bowsher"



Schedule "A" to the Gas Purchase Agreement made between Royalite Oil Company, Limited and Canadian Fina Oil Limited as Seller of the First Part, and Westcoast Transmission Company (Alberta) Ltd. as Buyer of the Second Part, dated the 9th day of February, A.D. 1955.

Lands as to which all the natural gas rights are owned or controlled by the Seller under and by virtue of Natural Gas Leases and Petroleum and Natural Gas Leases.

Gordondale Area (Alberta)

Lands Held Under Natural Gas Lease No. 181

All of Section	4,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	5,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	6,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	7,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	8,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	9,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	10,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	11,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	12,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	13,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	14,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	15,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	16,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	17,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	18,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	19,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	20,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	21,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	22,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	23,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	24,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	26,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	27,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	28,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	29,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	30,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	31,	Township 79,	Range 10,	West of the 6th Meridian.
All of Section	1,	Township 79,	Range 11,	West of the 6th Meridian.
All of Section	2,	Township 79,	Range 11,	West of the 6th Meridian.
All of Section	3,	Township 79,	Range 11,	West of the 6th Meridian.
All of Section	10,	Township 79,	Range 11,	West of the 6th Meridian.
All of Section	11,	Township 79,	Range 11,	West of the 6th Meridian.
All of Section	12,	Township 79,	Range 11,	West of the 6th Meridian.
All of Section	13,	Township 79,	Range 11,	West of the 6th Meridian.
All of Section	14,	Township 79,	Range 11,	West of the 6th Meridian.
All of Section	15,	Township 79,	Range 11,	West of the 6th Meridian.
All of Section	22,	Township 79,	Range 11,	West of the 6th Meridian.
All of Section	23,	Township 79,	Range 11,	West of the 6th Meridian.
All of Section	24,	Township 79,	Range 11,	West of the 6th Meridian.







Gordondale Area (Alberta)

For the Cadotte zone, Notikewin zone and Gething zone as designated by the Petroleum and Natural Gas Conservation Board in zone designation No. 55-A,

Zone Designation No. 55-A.

The Cadotte zone within the area to be contained in Natural Gas License No. 55 is hereby designated as the strata which are present between the depths of 2,683 feet and 2,890 feet

and

The Notikewin zone within the area to be contained in Natural Gas License No. 55 is hereby designated as the strata which are present between the depths of 2,976 feet and 3,105 feet

and

The Gething zone within the area to be contained in Natural Gas License No. 55 is hereby designated as the strata which are present between the depths of 4,178 feet and 4,616 feet.

The above being in the Fina-Royalite-Gordondale No. 10 well, situated in unsurveyed Legal Subdivision 11 of Section 17, Township 79, Range 10, West of the 6th Meridian, Alberta.

Land Held Under Natural Gas Lease No. 183.

All of Section 7, Township 79, Range 11, West of the 6th Meridian.  
All of Section 8, Township 79, Range 11, West of the 6th Meridian.  
All of Section 9, Township 79, Range 11, West of the 6th Meridian.  
All of Section 16, Township 79, Range 11, West of the 6th Meridian.  
All of Section 17, Township 79, Range 11, West of the 6th Meridian.  
All of Section 18, Township 79, Range 11, West of the 6th Meridian.  
All of Section 19, Township 79, Range 11, West of the 6th Meridian.  
All of Section 20, Township 79, Range 11, West of the 6th Meridian.  
All of Section 21, Township 79, Range 11, West of the 6th Meridian.  
All of Section 25, Township 79, Range 11, West of the 6th Meridian.  
All of Section 26, Township 79, Range 11, West of the 6th Meridian.  
All of Section 27, Township 79, Range 11, West of the 6th Meridian.  
All of Section 28, Township 79, Range 11, West of the 6th Meridian.  
All of Section 29, Township 79, Range 11, West of the 6th Meridian.  
All of Section 30, Township 79, Range 11, West of the 6th Meridian.  
All of Section 31, Township 79, Range 11, West of the 6th Meridian.  
All of Section 35, Township 79, Range 11, West of the 6th Meridian.  
All of Section 36, Township 79, Range 11, West of the 6th Meridian.  
All of Section 9, Township 79, Range 12, West of the 6th Meridian.  
All of Section 10, Township 79, Range 12, West of the 6th Meridian.  
All of Section 11, Township 79, Range 12, West of the 6th Meridian.



Gordondale Area (Alberta)

All of Section 12, Township 79, Range 12, West of the 6th Meridian.

All of Section 13, Township 79, Range 12, West of the 6th Meridian.

For the Cadotte zone, Notikewin zone and Gething zone as designated by the Petroleum and Natural Gas Conservation Board in zone designation No. 54-A.

Zone Designation No. 54-A

The Cadotte zone within the area to be contained in Natural Gas License No. 54 is hereby designated as the strata which are present between the depths of 2,470 feet and 2,718 feet

and

The Notikewin zone within the area to be contained in Natural Gas License No. 54 is hereby designated as the strata which are present between the depths of 2,818 feet and 2,910 feet.

The above two zones being in the Gordondale No. 3 well situated in unsurveyed Legal Subdivision 13 of Section 21, Township 79, Range 11, West of the Sixth Meridian.

and

The Gething zone within the area to be contained in Natural Gas License No. 54 is hereby designated as the strata which are present between the depths of 4,074 feet and 4,558 feet in the Fina-Royalite-Gordondale No. 11 well situated in unsurveyed Legal Subdivision 10 of Section 27, Township 79, Range 11, West of the Sixth Meridian.

Lands Held Under Petroleum and Natural Gas Lease No. 100139, in part

S.  $\frac{1}{2}$  of Section 32, Township 79, Range 10, West of the 6th Meridian.

S.  $\frac{1}{2}$  of Section 33, Township 79, Range 10, West of the 6th Meridian.

The Cadotte, Notikewin and Gething zones as designated in zone designation No. 55-A (above) have been excluded from this Petroleum and Natural Gas Lease.







Abstract of Amendment to Gas Purchase Contract dated February 9, 1955  
between Royalite Oil Company Limited and Canadian Fina Oil Limited and  
Westcoast Transmission Company (Alberta) Ltd.

(Gordondale Field)

December 15, 1955

1. Paragraph 1 of Article V is amended by deleting the words "Seller's undivided interest in" as they refer to the maximum day volume obligation of Seller.
2. Paragraph 1 of Article VI is amended to change the price schedule. The price per Mcf is increased beginning with the eleventh year.









February 2nd, 1955.

Royalite Oil Company Limited,  
239 - 6th Avenue West,  
CALGARY, Alberta.  
Attention: Mr. Althouse.

Canadian Fina Oil Limited,  
2nd Floor Bamlett Building,  
CALGARY, Alberta.  
Attention: Mr. Nitescu.

Gentlemen:

We have submitted to you form of Gas Purchase Agreement covering your share of gas produced from the Gordondale Field, Alberta.

You have advised us that your Companies are carrying on exploration in the area known as the Saddle Hills Field, northwest of Grande Prairie, Alberta. There is one producing well in the field and our geologists have allocated a reserve of approximately ten billion cubic feet to the area.

In consideration of the execution of the said contract by your Companies and the mutual covenants hereinafter set out, we confirm the agreement between our respective companies, as follows:

1. That your Companies will explore on your Saddle Hills Reservations Nos. 1507 and 1508 for the purpose of establishing reserves of gas available for marketing through the Westcoast system therefrom.
2. Upon the establishment of gas reserves in place to the extent of approximately 100 billion cubic feet, on or before April 1st, 1957, then Westcoast (Alberta) will enter into a Gas Purchase Contract with you to purchase gas from you on the basis of a maximum volume of one million cubic feet per day for each ten billion cubic feet of reserves established in the said field or adjoining areas, at the same price and upon the same terms and conditions set out in the Gordondale Contract hereinbefore referred to. PROVIDED Westcoast Transmission Company (Alberta) Ltd. shall not be obligated to take more than twelve million cubic feet per day and your Companies will not be obligated to dedicate more than 120 billion cubic feet of the established gas reserves.
3. In the event the said gas reserve established as of the said date is less than 100 billion cubic feet:
  - (a) Westcoast (Alberta) shall have the option of purchasing the gas in accordance with the terms of paragraph 2 hereof for such volume as shall have been established, or



Royalite Oil Company Limited,  
Canadian Fina Oil Limited.

February 2nd, 1955.

(b) Westcoast (Alberta) will negotiate with you for purpose of determining mutually satisfactory terms and conditions upon which Westcoast (Alberta) may purchase the gas in the said field or fields.

4. This letter shall be construed as a firm agreement for the sale and purchase between our respective Companies of the gas to be produced from the spacing units within an area proved for production to establish the volumes of the gas reserves therein as hereinbefore set out, and the said gas in and under the lands comprising spacing units allocated to such areas owned by you shall be deemed to be dedicated to the service of the markets of the Westcoast system for the period hereinbefore set out.

If you are in agreement with the terms and conditions hereinbefore set forth, will you please execute the acknowledgment set out at the foot of this letter, and return a copy to us.

Yours very truly,

WESTCOAST TRANSMISSION COMPANY (ALBERTA) Ltd.,

BY: " D. P. McDonald "  
Vice-President.

WESTCOAST TRANSMISSION COMPANY LIMITED.

BY: " D. P. McDonald "  
Vice-President.

We hereby confirm and agree to the terms of agreement hereinbefore set forth.

DATED this 9th day of February, 1955.

Approved as to content:

ROYALITE OIL COMPANY LIMITED,

"G. A. C."  
Petroleum Engineering Department.

BY: " Ray Althouse "  
Vice-President.

CANADIAN FINA OIL LIMITED,

BY: " Trajan Nitescu, President "









Abstract of Amendment to Letter Agreement dated February 2, 1955 between Royalite Oil Company Limited and Canadian Fina Oil Limited and Westcoast Limited and Westcoast Alberta.

(Saddle Hills Field)

April 13, 1956

The date for establishment of gas reserves is extended from April 1, 1956 to April 1, 1957.







DATED:

21st February

A.D. 1955.

AMENDED:

16th December

A.D. 1955.

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BETWEEN:

IMPERIAL OIL LIMITED,

The "Seller" of the First Part,

- and -

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,

The "Buyer" of the Second Part.

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GAS PURCHASE AGREEMENT

Re: Belloy Field  
(Alberta)

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OFFICE CONSOLIDATION





THIS AGREEMENT made this 21st day of February, A.D. 1955,

as amended December 16, 1955,

BETWEEN:

IMPERIAL OIL LIMITED, a body corporate having  
an office at the City of Calgary, in the Province  
of Alberta,

(hereinafter called the "Seller")

OF THE FIRST PART:

- and -

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,  
a body corporate with head office at the City of Calgary,  
in the Province of Alberta,

(hereinafter called the "Buyer")

OF THE SECOND PART:

WITNESSETH that in consideration of the mutual covenants hereinafter  
set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the parties  
hereto as follows:

ARTICLE I

REPRESENTATIONS

1. Buyer's Representations:

The Buyer represents that it proposes to construct and operate a natural  
gas gathering system for the purpose of gathering the gas produced in fields in the  
Peace River area of Alberta to be sold and delivered by the Buyer to Westcoast Trans-  
mission Company Limited at a point approximately three (3) miles East of the British  
Columbia border. Westcoast Transmission Company Limited proposes to construct and  
operate a natural gas transmission line for the transmission of gas from the gas fields  
in northern Alberta including gas to be sold by the Seller to the Buyer hereunder, and



northern British Columbia to a point on the International Boundary between the Province of British Columbia and the State of Washington near Sumas, Washington, and serve customers in British Columbia en route. The Westcoast Transmission Company Limited will sell gas at a connection in the vicinity of Sumas to a pipeline system to be constructed to serve consumers in the Western United States.

2. Seller's Representations:

Seller represents that it owns or controls an interest in the natural gas rights in and under the lands described in Schedule "A" hereto attached and by reference made a part hereof, as therein more particularly described.

The Seller further represents that the Seller is willing, subject to the provisions of this contract, except as to gas reserved to the Seller as herein provided, to make available to the pipeline to be constructed by Buyer its gas produced from the said lands.

3. Buyer's Performance with Diligence:

The Buyer agrees to proceed with diligence with its endeavours to procure all Governmental authorities, permits and rights necessary for the construction and operation of its pipeline, and upon procuring the same to proceed with diligence with the construction of its said pipeline facilities. HOWEVER, upon the happening of any one of the following contingencies, to wit:

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States containing terms and conditions satisfactory to such customer or customers.
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956;



- (c) The failure of the Buyer to complete the construction of its pipeline facilities in readiness to take delivery of gas hereunder from the Seller by the Thirty-first day of October A.D. 1958;

the Seller shall have the right to terminate this contract by written notice to be delivered to Buyer at any time after happening of any such contingency.

4. Seller's Performance with Diligence:

Seller agrees that it will be ready to deliver gas under this contract on the effective date as hereinafter defined, and that, subject to the other terms of this Agreement, it will drill such wells and install such facilities thereafter with diligence as needed for the performance of this contract. HOWEVER, upon the happening of any of the following contingencies, to wit:

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States containing terms and conditions satisfactory to such customer or customers;
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April A.D. 1956;
- (c) The failure of the Seller to complete its facilities in readiness to deliver gas hereunder to the Buyer on the effective date;

the Buyer shall have the right to terminate this contract by written notice to be delivered to Seller at any time after the happening of any such contingency.

5. Non-Waiver of Remedies:

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described in Sections 3 and 4 of this Article I shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.





ARTICLE II

TERM

1. Subject to prior termination under the provisions of Article I or Section 3 of Article VI hereof, this Agreement shall remain in force and effect from the date hereof for the term of the Leases in effect from time to time covering the lands described in Schedule "A" and, subject to the renewal thereof, as long thereafter as gas shall be produced from the lands covered by the Leases in such amount as in Seller's judgment is profitable to the Seller, or until the amount of gas available to Buyer hereunder shall no longer be profitable in Buyer's judgment to the Buyer.

ARTICLE III

DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this Agreement shall have the following meanings:

1. The term "day" shall mean a period of Twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A.M. Pacific Standard Time, or such other time as may be agreed upon.
2. The term "month" shall mean the period beginning at Eight (8:00) A.M. on the First day of the calendar month and ending at Eight (8:00) A.M. on the First day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning January First and ending December Thirty-first.
4. The term "cubic foot" shall mean the volume of gas which occupies One (1) cubic foot when such gas is at a temperature of Sixty Degrees Fahrenheit (60° F), and at a pressure of Fourteen and Four tenths (14.4) pounds per square inch absolute.



5. The term "Mcf" shall mean One Thousand (1,000) cubic feet of gas.
6. The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of One (1) pound of water One Degree Fahrenheit (1° F.) at Sixty Degrees Fahrenheit (60° F.).
7. The term "total heating value" when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of One (1) cubic foot at a temperature of Sixty Degrees Fahrenheit (60° F.), if saturated with water vapor, and under a pressure equal to that of Thirty (30) inches of mercury at Thirty-two Degrees Fahrenheit (32° F.) and under standard gravitational force (acceleration Nine Hundred and Eighty and Six Hundred and Sixty-five Thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air, and when the water formed by combustion is condensed to the liquid state.
8. The term "Buyer" shall mean Westcoast Transmission Company (Alberta) Ltd.
9. The term "Seller" shall mean Imperial Oil Limited or its assignee.
10. The term "Lease" shall mean and include any document by virtue of which the Seller is entitled to own, drill for and produce and sell gas from the lands described in the Schedule "A" hereto attached.
11. The term "Westcoast Transmission Company Limited" shall mean and include the Westcoast Transmission Company Limited, a body corporate incorporated by Act of Parliament of Canada, or its successors or assigns.
12. The term "natural Gas" shall mean natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of



any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.

13. The term "billing demand" shall mean the total of the contract demand under the terms of the contract made between Westcoast Transmission Company Limited and Pacific Northwest Pipeline Corporation dated December 11th, 1954, and the maximum quantity of gas delivered by Westcoast Transmission Company Limited to its customers in British Columbia on any one day during the twelve months ending with the billing month, exclusive however, of gas delivered by Westcoast Transmission Company Limited to its customers both in Canada and the United States on an interruptible basis, that is to say, subject to curtailment or interruption upon notice by Westcoast Transmission Company Limited whenever and to the extent that in the sole judgment of Westcoast Transmission Company Limited such curtailment or interruption is necessary.

#### ARTICLE IV

#### AVAILABILITY OF GAS

##### 1. Gas Reserves under Contract:

The Seller represents that all the Leases covered by this contract may be subject to renewal from time to time as in the said Leases provided and the Seller is entitled to sell or dispose of its interest as described in Schedule "A" hereto attached in all gas produced from the lands covered thereby. Subject to the possibility of termination of this contract as herein provided and the other provisions hereof, Seller hereby agrees to maintain its interest in the said Leases in full force and effect and apply for renewals thereof from time to time and to sell and deliver to Buyer the volumes of gas to be sold and purchased in accordance with the terms hereof, produced and saved from the lands covered by the Leases as shown on Schedule "A", excepting and reserving,





however, the following rights:

- (1) The right to use such gas produced from any one or more of said Leases, at the Seller's option, as Seller may need or require the same for development of Seller's properties situated within the same field, including, but not limited to, the use of gas for fuel, drilling, developing and operating said properties, for the production of oil, gas or other minerals.
- (2) The right to use such gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for the Seller (providing that such processing plants are located in the Belloy Field, but whether or not the processing plants are owned by others than the Seller) or for effecting delivery of the gas to the Buyer, it being recognized by the Buyer that gas so used by the Seller, and gas lost through process shrinkage or gathering operations, is reserved to Seller.
- (3) The right to process or to have processed for it such gas.
- (4) The right, as between Buyer and Seller, to retain and dispose of, (free from any and all claims by Buyer), any and all liquids recovered by or for the Seller from the gas prior to delivery to the Buyer.
- (5) The right to operate the Leases covered by this contract, free from any and all control by the Buyer, in such manner as the Seller in its sole discretion, deems advisable, including, without limitation, the right to drill new wells, and to repair or rework old wells.
- (6) The right from time to time to sell and dispose of volumes of surplus gas which Buyer is not purchasing and which Seller, in its sole judgment and in good faith, considers prudent to establish as a reasonable rate of production of gas from the Belloy field. Subject to the above, Seller agrees not to sell surplus gas in quantities which would deplete Seller's reserves to the extent that such reserves equal less than ten million Mcf for each one thousand Mcf of the then daily maximum contract quantity of gas which Seller is obligated to deliver hereunder to Buyer, said ten million Mcf being reduced by Four Percent (4%) each calendar year following the effective date.

2. Maintenance of Leases:

Seller shall not be required to retain by payment of rentals lands which, in Seller's judgment, have been condemned by development, nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit, but before releasing any gas Lease on any such lands, Seller shall give Buyer notice that it proposes to release the same, and, upon demand by Buyer, assign to Buyer its interest or





any portion thereof in such gas Lease, upon payment by Buyer to Seller of its interest in the salvage value of any casing and other equipment of Seller in any well or wells or located on the lands covered thereby, or used in conjunction therewith. In the event Buyer shall, pursuant to the foregoing provisions, acquire any gas Leases, Buyer shall have the right to take into its pipeline gas produced from the lands covered by such Leases on a prorata basis and the maximum volumes specified in Section 1 of Article V shall be reduced in like amount. PROVIDED that the provisions of this paragraph shall not be construed to impose on the Seller any obligation to gather or treat such gas for the account of the Buyer.

3. Limitation to Legal Production:

Notwithstanding anything herein contained the volumes of gas that Seller shall be obligated to deliver to Buyer under the terms of this contract shall be limited to volumes of gas which can be legally produced from the lands covered by this contract less the volumes of gas excepted and reserved as provided in this contract.

ARTICLE V

SALE AND PURCHASE OF GAS

1. Maximum Day Volumes:

Subject to the provisions of this contract, the maximum volume of gas that Seller shall be required to sell and deliver to Buyer hereunder in any one day commencing on the effective date which for the purposes of this contract is hereinafter defined in this paragraph shall be the following volumes:

<u>Period</u>	<u>Million Cu.Ft. per day</u>
For the period following the first delivery of gas to January 1, 1958:	-
For the following calendar year:	11.5
For the following calendar year, and for each calendar year thereafter:	15.7



The time at which deliveries of gas commence will depend upon the effective date which shall be the earliest of the following dates:

- (i) The date beginning nine (9) months after the receipt of written notice by the Buyer from the Seller that the Seller is ready to deliver gas to the pipeline facilities of the Buyer; or
- (ii) The date beginning six (6) months after the receipt of written notice from the Buyer to the Seller that the Buyer is willing to pay to the Seller a minimum price of Nine and Fifty-eight Hundredths (9.58¢) Cents per Mcf subject to the terms of Section 1 of Article VI hereof for the gas purchased and sold under the terms hereof; or
- (iii) The date beginning three (3) years following the date of first delivery of gas by Buyer to Pacific Northwest Pipeline Corporation.

In the event that the Seller is unable for a period of Fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum day volumes specified in Section 1 of this Article V, when the Buyer is ready and able to accept the same, the Buyer shall have the right, in addition to any other right which Buyer may have under the terms of this Agreement, to reduce the volumes specified in Section 1 of this Article V in the proportion that the average daily deliveries during such Fifteen (15) day period bears to the maximum day volumes specified in Section 1 of this Article V, PROVIDED HOWEVER, upon the Seller remedying or partially remedying the deficiency within the following calendar year, the applicable maximum volume specified in Section 1 of this Article V shall be reinstated or partially reinstated as the case may be.

In the event the United States customer of Buyer is not authorized to import the volumes specified in subsections (a), (b) and (c) of Section 1 of Article IV of the contract between the said customer and the Buyer dated December 11, 1954, then the Buyer shall have the right for the period the customer is not authorized as aforesaid, to reduce the maximum volumes set out in Section 1 of this Article V in the proportion that the volumes authorized to be imported bear to the said volumes specified in the said contract.



2. Contract Volumes:

Subject to the provisions of this contract, Seller agrees to sell and deliver and Buyer agrees to purchase and receive from Seller the maximum day volumes set forth in Section 1 of this Article V at a high load factor estimated at approximately eighty percent (80%) and the Buyer shall purchase and receive from Seller or pay for (in accordance with Section 3 of this Article V) the Seller's interest in an annual volume of gas equal to ninety percent (90%) of the total annual volume of gas purchased from Alberta fields ( exclusive of deficiency volumes purchased pursuant to Section 3 of this Article V) multiplied by the maximum day volume obligation in effect from time to time and divided by the total maximum day obligation of all Sellers under contract to Buyer producing gas from Alberta fields, PROVIDED HOWEVER that the volume of gas from the Belloy field which Buyer shall receive or pay for during any year shall not be less than 263 times the maximum day volume obligation in effect from time to time (exclusive of deficiency volumes pursuant to Section 3 of this Article V) subject to other terms of this contract.

3. Make up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January First of each year, in the event the total volume of gas purchased by Buyer from Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed by law, be less than a volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of gas not so purchased by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding calendar year in addition to their obligation in the current period and paid for at the price or prices applicable to the date or dates when such gas shall be delivered, and any such deficiency volume of gas not so accepted and purchased during such succeeding calendar







year shall be paid for by Buyer at the end of such succeeding calendar year at the price provided in this contract applicable to the volume of gas delivered on the last day of the calendar year in which the deficiency occurred. Such deficiency volume of gas accepted and purchased by Buyer during any such succeeding calendar year to make up deficiencies in purchases during the preceding calendar year shall not be deemed to be a part of the annual volume of gas required to be accepted and purchased by Buyer hereunder during such succeeding calendar year, PROVIDED HOWEVER that the Seller shall not be required to deliver gas at daily rates in excess of the maximum daily rate in effect as specified in Section 1 of this Article V.

## ARTICLE VI

### PRICE

#### 1. Price Schedule:

Subject to the adjustments hereinafter provided for, the Buyer agrees to pay to the Seller for all gas delivered or contracted to be delivered hereunder the base price as follows:

	<u>Per Mcf Cents</u>
For the period following the first delivery of gas to January 1, 1958	5.75¢
For the next ensuing five (5) years	9.58¢
For the sixth year	9.82¢
For the seventh year	9.82¢
For the eighth year	10.06¢
For the ninth year	10.06¢
For the tenth year	10.30¢
For the eleventh year	10.54¢
For the twelfth year	10.78¢
For the thirteenth year	11.02¢
For the fourteenth year	11.26¢
For the fifteenth year	11.50¢
For the sixteenth year	11.50¢
For the seventeenth year	11.74¢
For the eighteenth year	11.74¢
For the nineteenth year	11.98¢
For the twentieth year	11.98¢



2. Volume Adjustment:

For each month after January 1, 1958, during which the maximum billing demand billed to its customers by Westcoast Transmission Company Limited is less than 460,000 Mcf per day, the prices set forth in paragraph 1 of this Article VI shall be reduced as follows:

<u>Billing Demand Measured at 15.025 p.s.i.a</u>	<u>Adjustment per Mcf measured at 14.4 p.s.i.a. - Cents</u>
Less than 460,000 but equal to or more than 425,000	.48¢
Less than 425,000 but equal to or more than 400,000	.72¢
Less than 400,000 but equal to or more than 375,000	1.68¢
Less than 375,000 but equal to or more than 350,000	2.64¢
Less than 350,000 but equal to or more than 325,000	3.12¢
Less than 325,000 but equal to or more than 300,000	3.60¢
Less than 300,000	3.84¢

3. Price after Twenty Years:

On or before the First day of January in the Twentieth (20th) calendar year referred to in Section 1 hereof, the Seller and the Buyer shall consult together to determine by mutual agreement the price or prices to be paid by the Buyer to the Seller for gas delivered by the Seller to the Buyer after the expiration of the total period of Twenty (20) years referred to in Section 1 hereof. In the event the Seller and the Buyer are unable to mutually agree upon the said price or prices, then the Buyer shall pay to the Seller the price or prices in effect in the said Twentieth (20th) calendar year for all gas delivered hereunder after the expiration of the Twentieth (20th) year, SUBJECT HOWEVER to the right of the Seller, at any time after the expiration of the said Twentieth (20th) calendar year to terminate this contract upon Six (6) months' notice in writing to the Buyer.



4. Currency Adjustment:

- (a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States currency as published at Twelve o'clock (12:00) noon Eastern Standard Time or Eastern Daylight Time, as the case may be, by the Bank of Montreal, The Royal Bank of Canada and The Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five (105) United States Cents or not less than Ninety-five (95) United States Cents for One (1) Canadian Dollar, then the total quantity of gas delivered by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.
- (b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for United States currency is:
- (i) In excess of One Hundred and Five (105) United States Cents and is not more than One Hundred and Ten (110) United States Cents for One (1) Canadian Dollar; or
  - (ii) Less than Ninety-five (95) United States Cents but not less than Ninety (90) United States Cents for One (1) Canadian Dollar;

then the total quantity of gas delivered by the Seller to the Buyer in each such month, subject to the provisions of subsection (e) of this Section 4, shall be considered sold and purchased at the price in Canadian currency calculated as follows:

- LET:
- Pc Price payable in Canadian currency during the month;
  - C the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in Canada;
  - US the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in the United States;
  - P Price in the contract;
  - E the average daily selling rate for Canadian currency in United States currency during such month determined in accordance with the provisions of paragraph (a) above;

THEN: In the case of (i):

$$Pc \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{105}{E} \right)$$





In the case of (ii):

$$P_c \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{95}{E} \right)$$

- (c) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for non-consecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for gas delivered hereunder during such period of time shall be adjusted in accordance with the formula set forth in subsection (b) of this Section 4.
- (d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for at least three (3) consecutive monthly periods, then the price payable by the Buyer to the Seller as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail shall be renegotiated between the Buyer and the Seller, PROVIDED HOWEVER that pending completion of such renegotiations the price payable by the Buyer to the Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive to the monthly periods during which the daily average selling rate for Canadian currency in United States currency exceeded One Hundred and Ten (110) United States Cents or was less than Ninety (90) United States Cents for One (1) Canadian Dollar, and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price within six months then Seller may upon three (3) months' written notice to Buyer terminate this contract.
- (e) In no event shall the value of "Pc" as calculated under the provisions of subsections (b), (c) and (d) (for the period pending negotiation as provided therein) of this Section 4 exceed or be less than the value of "P", as the case may be, by more than One (1) Cent per Mcf of gas delivered hereunder.

5. Price Accuracy:

All calculations with respect to the price of gas shall be carried to the nearest One-hundredth of a cent.

ARTICLE VII

TAXES

1. Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon or in respect of the





gas delivered hereunder up to the point of delivery of the gas to Buyer. All increases in such present gross production taxes, severance taxes and excise taxes upon or in respect of the gas delivered hereunder or the production, transportation or handling thereof up to the point of delivery of the gas to Buyer and any tax on the pipelines in the Seller's gathering system required to be paid by Seller, shall be borne three-quarters (3/4) by the Buyer and one-quarter (1/4) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.

## ARTICLE VIII

### DELIVERY POINTS AND PRESSURE

#### 1. Delivery Points:

The point of delivery for all gas delivered hereunder shall be at the outlet of the meter stations to be installed and operated by the Seller at a location to be mutually agreed upon by the Seller and the Buyer in the vicinity of the Belloy field.

#### 2. Delivery Pressure:

All gas sold and purchased hereunder shall be delivered at the delivery point in each of the said fields from which deliveries are taken at a pressure not exceeding Nine Hundred and Seventy-five (975) pounds per square inch gauge, and not less than Five Hundred (500) pounds per square inch gauge for the first Four (4) years of deliveries hereunder. Thereafter the Buyer will accept deliveries of gas at less than Five Hundred (500) pounds per square inch gauge but not less than One Hundred (100) pounds per square inch gauge, PROVIDED HOWEVER that in respect to gas delivered at less than Two Hundred and Fifty (250) pounds per square inch gauge



the Buyer shall deduct by way of allowance for compression costs the sum of three-quarter Cents (3/4¢) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, PROVIDED HOWEVER that in the event that gas from any field can be made available for delivery at pressures less than One Hundred (100) pounds per square inch gauge, the Seller and the Buyer will consult together for the purpose of determining the terms and conditions upon which the Buyer will accept delivery of such gas taking into consideration the cost of compression to make such gas available to the pipeline.

## ARTICLE IX

### QUALITY

All gas delivered by Seller to Buyer shall conform with the following specifications:

#### 1. Specifications:

The gas delivered hereunder shall be natural gas and shall conform to the specifications set forth under Sections 2 to 7 inclusive of this Article IX.

#### 2. Odors and Solids:

The gas shall be commercially free from objectionable odors, solid matter, dust, gums and gum-forming constituents which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows.

#### 3. Oxygen:

The gas shall not at any time have an oxygen content in excess of One Percent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

#### 4. Liquids:

The gas shall be free of water and hydrocarbons in liquid form. The gas shall not contain water vapor in excess of Three (3) pounds per million cubic feet as



determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Selier be required to dehydrate gas to a dewpoint less than Zero Degrees Fahrenheit (0° F.). The gas shall not contain liquefiable hydrocarbon content (pentanes and heavier) in excess of Two Hundred (200) United States gallons per million cubic feet, PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater liquefiable hydrocarbon content for such period or periods as Buyer may prescribe from time to time.

5. Hydrogen Sulphide:

The gas shall not contain more than One (1) grain of hydrogen sulphide per One Hundred (100) cubic feet. PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater hydrogen sulphide content for such period or periods as Buyer may prescribe from time to time.

6. Total Sulphur:

The gas shall not contain more than Twenty (20) grains of total sulphur (hydrogen sulphide and mercaptan sulphur) per One Hundred (100) cubic feet.

7. Heating Value:

The gas shall have a total heating value per cubic foot of not less than Nine Hundred and Fifty (950) nor more than Eleven Hundred and Twenty-five (1,125) British Thermal Units, PROVIDED HOWEVER that the Buyer may at the Buyer's sole discretion accept gas with a higher or lower heating value for such period or periods as the Buyer may prescribe from time to time.

ARTICLE X

MEASUREMENT

1. Unit of Volume:

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof)





shall be One (1) cubic foot at an absolute pressure of Fourteen and Four Tenths (14.4) pounds per square inch at a temperature of Sixty Degrees Fahrenheit (60°F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted Report.

3. Deviation from Boyle's Law:

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of Six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of gas delivered hereunder during the Six (6) calendar months next following the taking of the sample from which such determination is made. Specification TS-402 and TS-461 of the California Natural Gasoline Association shall be deemed to be a mutually accepted method of calculation.

4. Specific Gravity:

The specific gravity of the gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A or by the method



prescribed by Code 31-30 of the Natural Gasoline Association of America, or by direct weighing at the beginning of delivery and thereafter as frequently as is found expedient in practice at the respective points where the gas is metered hereunder, and the results of the determination at each such point shall be used in computing the volumes of gas metered at such point.

5. Flowing Temperature:

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.

6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be Thirteen and Four Tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.

ARTICLE XI

MEASURING EQUIPMENT

1. Seller's Measuring Station:

Seller shall install, maintain and operate at its own expense equipment required for the measurement of the volumes, temperatures and heating values of all gas delivered hereunder at the place of delivery. Buyer shall have access to the measuring equipment of the Seller at all reasonable hours, but the calibrating and adjusting of the measuring equipment and the changing of charts shall be done only by the Seller.



2. Check Measuring Equipment:

Buyer may install, maintain and operate at its own expense check measuring equipment as desired providing that such equipment shall be so installed as to not interfere with the operation of the Seller's measuring equipment at or near the point of delivery.

3. Right to be Present:

The Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating, or adjusting, done in connection with the measuring equipment used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.

4. Calibration and Test of Meters:

The accuracy of the measuring equipment at the point of delivery shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering correctly, the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than Two Percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding Two Percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of Fifteen (15) days.





5. Correction of Metering Errors:

In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available using the first of the following methods which is feasible.

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

6. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least Six (6) years all test data, charts, and other records of gas measurements.

ARTICLE XII

STATEMENTS AND PAYMENTS

1. Seller or its nominee shall render to Buyer on or before the Twentieth (20th) day of each calendar month a statement for all gas delivered to Buyer hereunder during the preceding calendar month and payment for such gas shall be made by Buyer to Seller on or before the Thirtieth (30th) day of the month during which such statement is rendered. All payments accruing to the Seller hereunder shall be made to Imperial Oil Limited. The Seller may, from time to time, designate another person, firm or corporation to accept payments hereunder, such designation





to be in writing, and from and after receipt by the Buyer of such new designation, the Buyer shall thereafter make such payments to such person, firm or corporation.

### ARTICLE XIII

#### ESTIMATES OF REQUIREMENTS

1. In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimates of requirements of gas during each of the following Six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by quantities thereof.

### ARTICLE XIV

#### POSSESSION OF GAS

##### 1. Point of Delivery Controls:

As between the parties to the gas sales contract, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

##### 2. Responsibility:

Buyer shall have no responsibility with respect to any gas deliverable under the gas sales contract until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery, and Seller shall have no responsibility with respect to such gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery.



ARTICLE XV

WARRANTY AND TITLE OF GAS

1. It is expressly agreed and understood, notwithstanding anything herein elsewhere contained or implied, that although the Seller has the lands under lease and warrants generally the title to all gas delivered to the Buyer hereunder and its right to sell the same, the Seller in and by these presents does not convey, purport, promise or agree to convey, any better title in and to the gas herein contracted for or referred to than the title therein and thereto which the Seller now has or is entitled under the leases to acquire.

ARTICLE XVI

FORCE MAJEURE

1. No failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, wars, blockade, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary failure of gas supply because of freezing of wells or delivery facilities or hydrate obstructions of lines of pipe, inability to obtain pipe, materials or equipment, the binding order of any Court or Governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; PROVIDED that no cause or contingency shall relieve Buyer of its obligation to make payments due hereunder.



ARTICLE XVII

MISCELLANEOUS

1. Non-Waiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.

2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:

SELLER: Imperial Oil Limited,  
300 Ninth Avenue West,  
Calgary, Alberta.

BUYER: Westcoast Transmission Company (Alberta) Ltd.,  
7th Floor, Pacific Building,  
Calgary, Alberta.

or at such other address as either party shall designate by formal written notice.

Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.





4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future laws and orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment:

Neither party hereto shall assign this Agreement or any of its rights or obligations hereunder without the consent in writing of the other party; PROVIDED that Seller may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all of its interest in the Leases in the lands comprised in Schedule "A" hereto, and Buyer may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system of Buyer. The provisions of this Section 5 shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

6. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. Provincial Laws:

This Agreement shall be construed in accordance with the laws of the Province of Alberta.

8. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production history, their capacity to produce, pressures, flow



characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify.

#### ARTICLE XVIII

##### ARBITRATION

1. If any dispute arises between the parties to the contract relating to matters in connection with the interpretation or construction of the provisions hereof, such dispute shall be settled by arbitration in the following manner, that is to say:-

Within Twenty (20) days after the written request of either party hereto for arbitration, the parties hereto shall agree upon and appoint one arbitrator. In case the parties shall fail to name an arbitrator within Twenty (20) days after the written request of any party for arbitration, application for the appointment of an arbitrator shall be made within Ten (10) days after the expiration of such Twenty (20) day period to any Judge of the Supreme Court of Alberta. The arbitrator so selected shall have all the powers given by The Arbitration Act, being Chapter III, Revised Statutes of Alberta, 1942, or any Act in amendment or in substitution therefor. The decision of the sole arbitrator selected as above shall be final and binding on the parties hereto.

#### ARTICLE XIX

##### FAVOURED NATIONS

1. In the event the Buyer or Westcoast Transmission Company Limited shall enter into any contracts for the purchase of gas with any producer or producers of gas, and actually take delivery of and pay for gas within the Peace River Area of the Province of Alberta during the period of this contract upon terms more favourable to such producer or producers than the terms hereof, Seller shall have the right upon



notice in writing to the Buyer to have this contract modified so as to make applicable to the sale and purchase of gas hereunder such more favourable terms as are contained in the said contracts with said producer or producers. The Buyer shall forthwith upon completion of any contracts with any producer or producers of gas as aforesaid, serve upon the Seller a true copy of each such contract.

IN WITNESS WHEREOF the parties hereto have hereunto cause their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.

**SIGNED, SEALED and DELIVERED**

APPROVED  
as to form  
by S/ J.G.M.  
Date  
as to term  
by S/ G.C.O.  
Date

) IMPERIAL OIL LIMITED  
)  
)  
)

) Per: S/ F.G. HALL  
) Vice-President  
)

) S/ P.F. EGERTON  
) Assistant-Secretary  
)

) (CORPORATE SEAL)  
)

) WESTCOAST TRANSMISSION COMPANY  
) (ALBERTA) LTD.  
)

) Per: S/ D.P. McDONALD  
)  
)

) S/ A.P. BOWSER  
)  
)

) (CORPORATE SEAL)  
)



TO

Westcoast Transmission Company Limited does hereby consent to the execution of the within Agreement by Westcoast Transmission Company (Alberta) Ltd., and does hereby approve the terms thereof.

In consideration of your Company entering into the said Agreement, Westcoast Transmission Company Limited does hereby covenant and agree with your Company, its successors and assigns, that if default should at any time be made by Westcoast Transmission Company (Alberta) Ltd., its successors and assigns, in payment of any moneys which shall hereafter be due to your Company in accordance with the terms of the said Agreement, or the due observance and performance of any term and condition of the said Agreement to be observed and performed by it, then Westcoast Transmission Company Limited will forthwith pay all such moneys due and payable to your Company and will perform and carry out or cause to be performed and carried out each and every term and condition of the said Agreement in accordance with the purpose and intent thereof.

It shall not be necessary for your Company to notify Westcoast Transmission Company Limited of the occurrence of any such default.

This guarantee shall be a continuing guarantee and is to remain in force concurrently with the terms of the said Agreement.

DATED at the City of Calgary, in the Province of Alberta, this  
21st day of February A.D. 1955.

WESTCOAST TRANSMISSION COMPANY LIMITED

By: S/ D.P. McDONALD

S/ A.P. BOWSER

(CORPORATE SEAL)





THIS IS SCHEDULE "A" to the Gas Purchase Agreement made between Imperial Oil Limited as Seller of the First Part and Westcoast Transmission Company (Alberta) Ltd. as Buyer of the Second Part, dated the 21st day of February, A.D. 1955.

Lands as to which all the natural gas rights are owned or controlled by Seller under and by virtue of Petroleum Natural Gas Leases.

BELLOY AREA ( ALBERTA )

S.1/2 of Section 4, Township 78, Range 1, West of the 6th Meridian.  
S.1/2 of Section 5, Township 78, Range 1, West of the 6th Meridian.  
N.1/2 of Section 7, Township 78, Range 1, West of the 6th Meridian.  
N.1/2 of Section 8, Township 78, Range 1, West of the 6th Meridian.  
All of Section 12, Township 78, Range 1, West of the 6th Meridian.  
All of Section 14, Township 78, Range 1, West of the 6th Meridian.  
All of Section 15, Township 78, Range 1, West of the 6th Meridian.  
All of Section 17, Township 78, Range 1, West of the 6th Meridian.  
All of Section 18, Township 78, Range 1, West of the 6th Meridian.  
All of Section 19, Township 78, Range 1, West of the 6th Meridian.  
All of Section 20, Township 78, Range 1, West of the 6th Meridian.  
All of Section 22, Township 78, Range 1, West of the 6th Meridian.  
All of Section 23, Township 78, Range 1, West of the 6th Meridian.  
All of Section 26, Township 78, Range 1, West of the 6th Meridian.  
All of Section 27, Township 78, Range 1, West of the 6th Meridian.  
S.1/2 of Section 29, Township 78, Range 1, West of the 6th Meridian.  
S.1/2 of Section 30, Township 78, Range 1, West of the 6th Meridian.  
All of Section 33, Township 77, Range 1, West of the 6th Meridian.



DATED

25th day of February

A. D. 1955

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BETWEEN

PATHFINDER PETROLEUMS LIMITED,

The "Seller" of the First Part,

- and -

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,

The "Buyer" of the Second Part.

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GAS PURCHASE AGREEMENT

Re: Pouce Coupe Extension.

Alberta.

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THIS AGREEMENT made this 25th day of February, A.D. 1955.

BETWEEN:

PATHFINDER PETROLEUMS LIMITED, a  
body corporate with head office in the City  
of Calgary in the Province of Alberta,

(hereinafter called the "Seller")

OF THE FIRST PART,

- and -

WESTCOAST TRANSMISSION COMPANY  
(ALBERTA) LTD., a body corporate with  
head office at the City of Calgary, in the  
Province of Alberta,

(hereinafter called the "Buyer")

OF THE SECOND PART.

WITNESSETH that in consideration of the mutual covenants herein-  
after set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and be-  
tween the parties hereto as follows:

## ARTICLE I

### REPRESENTATIONS

#### 1. Buyer's Representations:

The Buyer represents that it proposes to construct and operate  
a natural gas gathering system for the purpose of gathering the gas pro-  
duced in fields in the Peace River area of Alberta to be sold and delivered  
by the Buyer to Westcoast Transmission Company Limited at a point  
approximately three (3) miles East of the British Columbia border. West-  
coast Transmission Company Limited proposes to construct and operate a  
natural gas transmission line for the transmission of gas from the gas  
fields in northern Alberta including gas to be sold by the Seller to the Buyer

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1862. It is a very important document, as it contains the President's views on the state of the Union and the progress of the war.

2. The second part of the document is a report from the Secretary of the War Department, dated January 10, 1862. It contains a detailed account of the military operations of the Army during the year 1861.

3. The third part of the document is a report from the Secretary of the Navy Department, dated January 15, 1862. It contains a detailed account of the naval operations of the Navy during the year 1861.

4. The fourth part of the document is a report from the Secretary of the Department of the Interior, dated January 20, 1862. It contains a detailed account of the operations of the Department during the year 1861.

5. The fifth part of the document is a report from the Secretary of the Department of the Treasury, dated January 25, 1862. It contains a detailed account of the operations of the Department during the year 1861.

6. The sixth part of the document is a report from the Secretary of the Department of the State, dated February 1, 1862. It contains a detailed account of the operations of the Department during the year 1861.

7. The seventh part of the document is a report from the Secretary of the Department of the War, dated February 5, 1862. It contains a detailed account of the operations of the Department during the year 1861.

8. The eighth part of the document is a report from the Secretary of the Department of the Navy, dated February 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

hereunder, and northern British Columbia to a point on the International Boundary between the Province of British Columbia and the State of Washington near Sumas, Washington, and serve customers in British Columbia en route. The Westcoast Transmission Company Limited will sell gas at a connection in the vicinity of Sumas to a pipeline system to be constructed to serve consumers in the Western United States.

2. Seller's Representations:

Seller represents that it owns or controls an interest in the natural gas rights in and under the lands described in Schedule "A" hereto attached and by reference made a part hereof, as therein more particularly described.

The Seller further represents that the Seller is willing, subject to the provisions of this contract, except as to gas reserved to the Seller as herein provided, to make available to the pipeline to be constructed by Buyer its gas produced from the said lands.

3. Buyer's Performance with Diligence:

The Buyer agrees to proceed with diligence with its endeavours to procure all Governmental authorities, permits and rights necessary for the construction and operation of its pipeline, and upon procuring the same to proceed with diligence with the construction of its said pipeline facilities. HOWEVER, upon the happening of any one of the following contingencies, to wit:-

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to





procure from the Federal Power Commission on or before the first day of December, A. D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the western United States containing terms and conditions satisfactory to such customer or customers.

- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A. D. 1956.

The Seller shall have the right to terminate this contract by written notice to be delivered to Buyer at any time after happening of any such contingency.

4. Seller's Performance with Diligence:

Seller agrees that it will be ready to deliver gas under this contract whenever the pipeline facilities of the Buyer are ready to receive the same, and that, subject to the other terms of this Agreement, it will drill such wells and install such facilities thereafter with diligence as needed for the performance of this contract. HOWEVER, upon the happening of any of the following contingencies, to wit:-

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A. D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States containing terms and conditions satisfactory to such customer or customers.
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A. D. 1956,

the Buyer shall have the right to terminate this contract by written notice to be delivered to Seller at any time after the happening of any such contingency.

1. The first part of the paper discusses the importance of the study and the objectives of the research. It also provides a brief overview of the methodology used in the study.

2. The second part of the paper discusses the results of the study and the conclusions drawn from the data.

3. The third part of the paper discusses the implications of the study and the recommendations for future research.

### References

1. Smith, J. (2010). The importance of the study and the objectives of the research. *Journal of Research*, 15(1), 1-10.

2. Jones, A. (2011). The results of the study and the conclusions drawn from the data. *Journal of Research*, 16(2), 11-20.

3. Brown, C. (2012). The implications of the study and the recommendations for future research. *Journal of Research*, 17(3), 21-30.

4. The fourth part of the paper discusses the limitations of the study and the strengths of the research.

5. The fifth part of the paper discusses the future research and the potential for further study. It also provides a brief overview of the methodology used in the study.

6. The sixth part of the paper discusses the conclusions drawn from the data and the implications of the study.

7. The seventh part of the paper discusses the recommendations for future research and the potential for further study.

5. Non-Waiver of Remedies:

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described in Sections 3 and 4 of this Article I shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.

ARTICLE II

TERM

1. Subject to prior termination under the provisions of Article I or Section 3 of Article VI hereof, this Agreement shall remain in force and effect from the date hereof for the term of the Leases in effect from time to time covering the lands described in Schedule "A" and, subject to the renewal thereof, as long thereafter as gas shall be produced from the lands covered by the Leases in such amount as in Seller's judgment is profitable to the Seller, or until the amount of gas available to Buyer hereunder shall no longer be profitable in Buyer's judgment to the Buyer.

ARTICLE III

DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this Agreement shall have the following meanings:-

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THE ANTHROPOLOGY OF THE BRITISH ISLES. By J. H. R. MACDONALD.

THE ANTHROPOLOGY OF THE BRITISH ISLES. By J. H. R. MACDONALD.

REVIEWS.

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1. The term "day" shall mean a period of Twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A. M. Pacific Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A. M. on the First day of the calendar month and ending at Eight (8:00) A. M. on the First day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning January First and ending December Thirty-first.
4. The term "cubic foot" shall mean the volume of gas which occupies One (1) cubic foot when such gas is at a temperature of Sixty Degrees Fahrenheit ( $60^{\circ}$  F.), and at a pressure of Fifteen and Twenty-five thousandths (15, 025) pounds per square inch absolute.
5. The term "Mcf" shall mean One Thousand (1, 000) cubic feet of gas.
6. The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of One (1) pound of water One Degree Fahrenheit ( $1^{\circ}$  F.) at Sixty Degrees Fahrenheit ( $60^{\circ}$  F.).
7. The term "total heating value" when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of One (1) cubic foot at a temperature of Sixty Degrees Fahrenheit ( $60^{\circ}$  F.), if saturated with water vapor, and under a pressure equal to that of Thirty (30) inches of mercury at Thirty-two Degrees Fahrenheit





(32°F.) and under standard gravitational force (acceleration Nine Hundred and Eighty and Six Hundred and Sixty-five Thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.

8. The term "Buyer" shall mean Westcoast Transmission Company (Alberta) Ltd.
9. The term "Seller" shall mean Pathfinder Petroleum Limited or its assignee.
10. The term "Lease" shall mean and include any document by virtue of which the Seller is entitled to own, drill for and produce and sell gas from the lands described in the Schedule "A" hereto attached.
11. The term "Westcoast Transmission Company Limited" shall mean and include the Westcoast Transmission Company Limited, a body corporate incorporated by Act of Parliament of Canada, or its successors or assigns.
12. The term "natural gas" means natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
13. The term "billing demand" means the total of the contract demand under the terms of the contract made between Westcoast Transmission Company Limited and Pacific Northwest Pipeline Corporation dated December 11th, 1954, and the maximum quantity of firm gas delivered by Westcoast Transmission Company Limited to its customers in British Columbia on any one day during the twelve months ending with the billing month, exclusive however of gas delivered by Westcoast Transmission Company Limited to its customers both in Canada and the United States on an interruptible basis, that is to say, subject to curtailment or interruption upon notice by Westcoast Transmission Company Limited whenever and to the extent that in the sole judgment of Westcoast Transmission Company Limited such curtailment or interruption is necessary.



ARTICLE IV

AVAILABILITY OF GAS

1. Gas Reserves under Contract:

The Seller represents that all the Leases covered by this contract may be subject to renewal from time to time as in the said Leases provided and the Seller is entitled to sell or dispose of its interest as described in Schedule "A" hereto attached in all gas produced from the lands covered thereby. Subject to the possibility of termination of this contract as herein provided and the other provisions hereof, Seller hereby agrees to maintain its interest in the said Leases in full force and effect and apply for renewals thereof from time to time and to sell and deliver to Buyer the volumes of gas to be sold and purchased in accordance with the terms hereof, produced and saved from the lands covered by the Leases as shown on Schedule "A", excepting and reserving, however, the following rights:-

- (1) The right to use such gas produced from any one or more of said Leases, at the Seller's option, as Seller may need or require the same for development of Seller's properties situated within the same field, including, but not limited to, the use of gas for fuel, drilling, developing and operating said properties, for the production of oil, gas or other minerals.
- (2) The right to use such gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for the Seller (Providing that such processing plants are located in the Pouce Coupe Extension Field, but whether or not the processing plants are owned by others than the Seller) or for effecting delivery of the gas to the Buyer, it being recognized by the Buyer that gas so used by the Seller, and gas lost through process shrinkage or gathering operations, is reserved to Seller.

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- (3) The right to process or to have processed for it such gas.
- (4) The right, as between Buyer and Seller, to retain and dispose of, (free from any and all claims by Buyer), any and all liquids recovered by or for the Seller from the gas prior to delivery to the Buyer.
- (5) The right to operate the Leases covered by this contract, free from any and all control by the Buyer, in such manner as the Seller, in its sole discretion, deems advisable, including, without limitation, the right to drill new wells, and to repair or rework old wells.

## 2. Maintenance of Leases:

Seller shall not be required to retain by payment of rentals lands which, in Seller's judgment, have been condemned by development, nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit, but before releasing any gas Lease on any such lands, Seller shall give Buyer timely notice that it proposes to release the same, and, upon demand by Buyer, assign to Buyer its interest in such gas Lease, upon payment by Buyer to Seller of the Seller's interest in the salvage value of any casing and other equipment of Seller in any well or wells located on the lands covered thereby. In the event Buyer shall, pursuant to the foregoing provisions, acquire any gas Leases, Buyer shall have the right to take into its pipeline gas produced from the lands covered by such Leases and the maximum volumes specified in Section 1 of Article V shall be reduced in like amount. PROVIDED that the provisions of this paragraph shall not be construed to impose on the Seller any obligation to gather or treat such gas for the account of the Buyer.





3. Limitation to Legal Production:

The volumes of gas that Seller shall be obligated to deliver to Buyer under the terms of this contract shall be limited to volumes of gas which can be legally produced from the lands covered by this contract less the volumes of gas excepted and reserved as provided in this contract.

ARTICLE V

SALE AND PURCHASE OF GAS

1. Maximum Day Volumes:

The maximum volume of gas that Seller shall be required to sell and deliver to Buyer hereunder in any one day shall be Seller's undivided interest in the following volumes:-

<u>Period</u>	<u>Million Cu. Ft. per day</u>
For the period following the first delivery of gas to January 1, 1958	-
For the following calendar year	1
For the following calendar year, and for each calendar year thereafter:	1

In the event that the Seller is unable for a period of Fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum day volumes specified in Section 1 of this Article V, when the Buyer is ready and able to accept the same, the Buyer shall have the right, in addition to any other right which Buyer may have under the terms of this Agreement, to reduce the volumes specified in Section 1 of this Article V in the proportion that the average daily deliveries during such Fifteen (15) day period bears to the maximum day volumes specified in Section 1 of this Article V, PROVIDED HOWEVER, upon the Seller



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remedying the deficiency within the following calendar year, the applicable and maximum volume specified in Section 1 of this Article V shall be reinstated.

In the event the United States customer of Buyer is not authorized to import the volumes specified in subsections (a), (b), and (c) of Section 1 of Article IV of the contract between the said customer and the Buyer dated December 11, 1954, then the Buyer shall have the right to reduce the maximum volumes set out in Section 1 of this Article V in the proportion that the volumes authorized to be imported bear to the said volumes specified in the said contract.

2. Contract Volumes:

Subject to the provisions of this contract, Seller agrees to sell and deliver and Buyer agrees to purchase and receive from Seller the maximum day volumes set forth in Section 1 of this Article V at a high load factor estimated at approximately eighty percent (80%) and the Buyer shall purchase and receive from Seller or pay for an annual volume of gas equal to ninety percent (90%) of the total annual volume of gas purchased from Alberta fields (exclusive of deficiency volumes purchased pursuant to Section 3 of this Article V) multiplied by the maximum day volume obligation in effect from time to time and divided by the total maximum day obligation of all Sellers under contract to Buyer producing gas from Alberta fields, PROVIDED HOWEVER that the volume of gas which Buyer shall receive or pay for during any year shall not be less than 263 times the maximum day volume obligation in effect from time to time, subject to other terms of this contract.



3. Make up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January First of each year, in the event the total volume of gas purchased by Buyer from Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed by law, be less than a volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of gas not so purchased by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding Nine (9) month period and paid for at the price or prices applicable to the date or dates when such gas shall be delivered, and any such deficiency volume of gas not so accepted and purchased during such succeeding Nine (9) month period shall be paid for by Buyer at the end of such succeeding Nine (9) month period at the price provided in this contract applicable to the volume of gas delivered on the last day of the calendar year in which the deficiency occurred. The deficiency volume of gas accepted and purchased by Buyer during any such Nine (9) month period to make up deficiencies in purchases during the preceding calendar year shall be limited to the volume of gas accepted by Buyer from Seller under this contract during such Nine (9) month period in excess of a volume of gas to be purchased by Buyer during the calendar year of which such Nine (9) month period is a part; and such deficiency volume of gas accepted and purchased by Buyer during any such succeeding Nine (9) month period to make up deficiencies in purchases during the preceding calendar year shall not be deemed to be a part of the annual volume of gas required to be accepted and purchased by Buyer hereunder during the calendar year of which such Nine (9) month period is a part, PROVIDED HOWEVER, that the Seller shall not be required to deliver gas at daily rates in excess of the maximum daily rate in effect as specified in Section 1 of this Article V.



4. Development Beyond One Well Stage:

The parties hereto recognize that the maximum day volumes set forth in Section 1 of this Article V are minimum volumes established by the limited proven gas reserve that can be assigned to the one well presently drilled, and the parties hereto agree to increase the said maximum day volume prior to December 31, 1955, but not thereafter, to equal 1 MMcf per day for every Ten (10) billion cubic feet of recoverable gas reserve established to the satisfaction of Buyer by future drilling, PROVIDED HOWEVER, that the Buyer is not obligated to increase the said maximum day volume to a total volume greater than 8 MMcf per day.

ARTICLE VI

PRICE

1. Price Schedule:

Subject to the adjustment hereinafter provided for, the Buyer agrees to pay to the Seller for all gas delivered or contracted to be delivered hereunder the base price as follows:

	<u>Per Mcf Cents</u>
For the period following the first delivery of gas to January 1, 1958	6¢
For the next ensuing five (5) years	10¢
For the sixth year	10 1/4¢
For the seventh year	10 1/4¢
For the eighth year	10 1/2 ¢
For the ninth year	10 1/2¢
For the tenth year	10 3/4¢
For the eleventh year	11¢
For the twelfth year	11 1/4¢
For the thirteenth year	11 1/2¢
For the fourteenth year	11 3/4¢
For the fifteenth year	12¢
For the sixteenth year	12¢
For the seventeenth year	12 1/4¢
For the eighteenth year	12 1/2¢
For the nineteenth year	12 1/2¢
For the twentieth year	12 1/2¢





2. Volume Adjustment:

For each month after January 1, 1958, during which the maximum billing demand billed to its customers by Westcoast Transmission Company Limited is less than 460,000 Mcf per day, the prices set forth in paragraph 1 of this Article VI shall be reduced as follows:

<u>Average Monthly Maximum Day:</u>	<u>Adjustment Per Mcf - Cents</u>
Less than 460,000 but equal to or more than 425,000	1/2¢
Less than 425,000 but equal to or more than 400,000	3/4¢
Less than 400,000 but equal to or more than 375,000	1 3/4¢
Less than 375,000 but equal to or more than 350,000	2 3/4¢
Less than 350,000 but equal to or more than 325,000	3 1/4¢
Less than 325,000 but equal to or more than 300,000	3 3/4¢
Less than 300,000 but equal to or more than 250,000	4 ¢

3. Price after Twenty Years:

On or before the First day of January in the Twentieth (20) calendar year referred to in Section 1 hereof, the Seller and the Buyer shall consult together to determine by mutual agreement the price or prices to be paid by the Buyer to the Seller for gas delivered by the Seller to the Buyer after the expiration of the total period of Twenty (20) years referred to in Section 1 hereof. In the event the Seller and the Buyer are unable to mutually agree upon the said price or prices, then the Buyer shall pay to the Seller the price or prices in effect in the said Twentieth (20) calendar year for all gas delivered hereunder after the expiration of the Twentieth (20) year, SUBJECT HOWEVER, to the right of the Seller, at any time after the expiration of the said Twentieth (20) calendar year, to terminate this contract upon Six (6) months' notice in writing to the Buyer.

4. Currency:

- (a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States currency as published at Twelve o'clock (12:00) noon Eastern



Standard Time or Eastern Daylight Time, as the case may be, by the Bank of Montreal, The Royal Bank of Canada and The Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five (105) United States Cents or not less than Ninety-five (95) United States Cents for One (1) Canadian Dollar, then the total quantity of gas delivered by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.

- (b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for United States currency is:-
- (i) In excess of One Hundred and Five (105) United States Cents and is not more than One Hundred and Ten (110) United States Cents for One (1) Canadian Dollar; or
  - (ii) Less than Ninety-five (95) United States Cents but not less than Ninety (90) United States Cents for One (1) Canadian Dollar;

then the total quantity of gas delivered by the Seller to the Buyer in each such month, subject to the provisions of sub-section (e) of this Section 4, shall be considered sold and purchased at the price in Canadian currency calculated as follows:

- LET:
- Pc Price payable in Canadian currency during the month;
  - C the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in Canada;
  - US the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in the United States;
  - P Price in the contract;
  - E the average daily selling rate for Canadian currency in United States currency during such month determined in accordance with the provisions of paragraph (a) above;

THEN:

In the case of (i):

$$Pc = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{105}{E} \right)$$



In the case of (ii):

$$P_c = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{95}{E} \right)$$

- (c) In the event that such average selling rate for Canadian Currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for non-consecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for gas delivered hereunder during such periods of time shall be adjusted in accordance with the formula set forth in subsection (b) of this Section 4.
- (d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for at least three (3) consecutive monthly periods, then the price payable by the Buyer to the Seller as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail shall be renegotiated between the Buyer and the Seller, PROVIDED HOWEVER that pending completion of such renegotiation the price payable by the Buyer to the Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retro-active to the monthly periods during which the daily average selling rate for Canadian currency in United States currency exceeded One Hundred and Ten (110) United States Cents or was less than Ninety (90) United States Cents for One (1) Canadian Dollar, and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price within six months then Seller may upon three (3) months' written notice to Buyer terminate this contract.
- (e) In no event shall the value of "Pc" as calculated under the provisions of subsections (b), (c), and (d), (for the period pending negotiation as provided therein), of this Section 4 exceed or be less than the value of "P", as the case may be, by more than One (1) Cent per Mcf of gas delivered hereunder.

##### 5. Price Accuracy:

All calculations with respect to the price of gas shall be carried to the nearest One-hundredth of a cent.





ARTICLE VII

TAXES

1. Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon or in respect of the gas delivered hereunder up to the point of delivery of the gas to Buyer. All increases in such present gross production taxes, severance taxes and excise taxes upon or in respect of the gas delivered hereunder or the production, transportation or handling thereof up to the point of delivery of the gas to Buyer and any tax on the pipelines in the Seller's gathering system required to be paid by Seller, shall be borne three-quarters (3/4) by the Buyer and one-quarter (1/4) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.

ARTICLE VIII

DELIVERY POINTS AND PRESSURE

1. Delivery Points:

The point of delivery for all gas delivered hereunder shall be at the outlet of the meter stations to be installed and operated by the Seller at a location to be mutually agreed upon by the Seller and the Buyer in the vicinity of the Pouce Coupe Extension field.

2. Delivery Pressure:

All gas sold and purchased hereunder shall be delivered at the delivery point in each of the said fields from which deliveries are taken at a pressure





not exceeding Nine Hundred and Seventy-five (975) pounds per square inch gauge, and not less than Five Hundred (500) pounds per square inch gauge for the first Four (4) years of deliveries hereunder. Thereafter the Buyer will accept deliveries of gas at less than Five Hundred (500) pounds per square inch gauge but not less than One Hundred (100) pounds per square inch gauge, PROVIDED HOWEVER that in respect to gas delivered at less than Two Hundred and Fifty (250) pounds per square inch gauge the Buyer shall deduct by way of allowance for compression costs the sum of three-quarter Cents (3/4) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, PROVIDED HOWEVER that in the event that gas from any field can be made available for delivery at pressures less than One Hundred (100) pounds per square inch gauge, the seller and the Buyer will consult together for the purpose of determining the terms and conditions upon which the Buyer will accept delivery of such gas taking into consideration the cost of compression to make such gas available to the pipeline.

## ARTICLE IX

### QUALITY

All gas delivered by seller to Buyer shall conform with the following specifications:-

#### 1. Specifications:

The gas delivered hereunder shall be natural gas and shall conform to the specifications set forth under Section 2 to 7 inclusive of this Article IX.

#### 2. Odors and Solids:

The gas shall be commercially free from objectionable odors, solid matter, dust, gums and gum-forming constituents which might interfere with its



merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows.

3. Oxygen:

The gas shall not at any time have an oxygen content in excess of One Percent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

4. Liquids:

The gas shall be free of water and hydrocarbons in liquid form. The gas shall not contain water vapor in excess of Three (3) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate gas to a dewpoint less than Zero Degrees Fahrenheit (0° F.). The gas shall not contain liquefiable hydrocarbon content (pentanes and heavier) in excess of Two Hundred (200) United States gallons per million cubic feet, PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater liquefiable hydrocarbon content for such period or periods as Buyer may prescribe from time to time.

5. Hydrogen Sulphide:

The gas shall not contain more than One (1) grain of hydrogen sulphide per One Hundred (100) cubic feet. PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater hydrogen sulphide content for such period or periods as Buyer may prescribe from time to time.

6. Total Sulphur:

The gas shall not contain more than Twenty (20) grains of total sulphur (hydrogen sulphide and mercaptan sulphur) per One Hundred (100) cubic feet.



7. Heating Value:

The gas shall have a total heating value per cubic foot of not less than Nine Hundred and Fifty (950) nor more than Eleven Hundred and Twenty-five (1,125) British Thermal Units, PROVIDED HOWEVER, that the Buyer may at the Buyer's sole discretion accept gas with a higher or lower heating value for such period or periods as the Buyer may prescribe from time to time.

ARTICLE X

MEASUREMENT:

1. Unit of Volume:

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be One (1) cubic foot at an absolute pressure of Fifteen and Twenty-five Thousandths (15.025) pounds per square inch at a temperature of Sixty Degrees Fahrenheit (60°F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report N . 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for





(i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted report.

3. Deviation from Boyle's Law:

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of Six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of gas delivered hereunder during the Six (6) calendar months next following the taking of the sample from which such determination is made.

4. Specific Gravity:

The specific gravity of the gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A at the beginning of delivery and thereafter as frequently as is found expedient in practice at the respective points where the gas is metered hereunder, and the results of the determination at each such point shall be used in computing the volumes of gas metered at such point.

5. Flowing Temperature:

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.



6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be Thirteen and Four Tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.

ARTICLE XI

MEASURED EQUIPMENT

1. Seller's Measuring Station:

Seller shall install, maintain and operate at its own expense equipment required for the measurement of the volumes, temperatures and heating values of all gas delivered hereunder at the place of delivery. Buyer shall have access to the measuring equipment of the Seller at all reasonable hours, but the calibrating and adjusting of the measuring equipment and the changing of charts shall be done only by the Seller.

2. Check Measuring Equipment:

Buyer may install, maintain and operate at its own expense check measuring equipment as desired providing that such equipment shall be so installed as to not interfere with the operation of the Seller's measuring equipment at or near the point of delivery.



3. Right to be Present:

The Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating, or adjusting, done in connection with the measuring equipment used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.

4. Calibration and Test of Meters:

The accuracy of the measuring equipment at the point of delivery shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering correctly, the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than Two Percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test any measuring equipment shall be found to be inaccurate by an amount exceeding Two Percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of Fifteen (15) days.





5. Correction of Metering Errors:

In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available using the first of the following methods which is feasible:

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

6. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least One (1) year all test data, charts, and other records of gas measurements. Either party desiring to preserve any records for a longer period may require the other party to deliver over to it such records which shall then be retained at the expense of such party desiring the same.

ARTICLE XII

STATEMENTS AND PAYMENTS

1. Seller or its nominee shall render to Buyer on or before the Fifteenth (15th) day of each calendar month a statement for all gas delivered to Buyer hereunder during the preceding calendar month and payment for such gas shall be made by Buyer to Seller on or before the Twenty-fifth (25th) day of the month





during which such statement is rendered. All payments accruing to the Seller hereunder shall be made to Pathfinder Petroleum Limited. The Seller may, from time to time, designate another person, firm or corporation to accept payments hereunder, such designation to be in writing, and from and after receipt by the Buyer of such new designation, the Buyer shall thereafter make such payments to such person, firm or corporation.

### ARTICLE XIII

#### ESTIMATES OF REQUIREMENTS

1. In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimates of requirements of gas during each of the following Six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

### ARTICLE XIV

#### POSSESSION OF GAS

1. Point of Delivery Controls:

As between the parties to the gas sales contract, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

2. Responsibility:

Buyer shall have no responsibility with respect to any gas deliverable under the gas sales contract until it is delivered into the facilities of the Buyer,



or on account of anything which may be done, happen or arise with respect to such gas before such delivery, and Seller shall have no responsibility with respect to such gas after its delivery into the facilities of Buyer on or account of anything which may be done, happen or arise with respect to such gas after such delivery.

#### ARTICLE XV

##### WARRANTY AND TITLE OF GAS

1. The Seller warrants generally the title to all gas delivered to the Buyer hereunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.

#### ARTICLE XVI

##### FORCE MAJEURE

1. No failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary failure of gas supply because of freezing of wells or delivery facilities or hydrate obstructions of lines of pipe, inability to obtain pipe, materials, or equipment, the binding order of any Court or Governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; PROVIDED that no cause or contingency shall relieve Buyer of its obligation to make payments due hereunder.



ARTICLE XVII

MISCELLANEOUS

1. Non-Waiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.

2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:

SELLER:   PATHFINDER PETROLEUMS LIMITED,  
703 - 5th Street West,  
Calgary, Alberta.

BUYER:   WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,  
7th Floor, Pacific Building,  
Calgary, Alberta.

or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to verify





the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment:

Neither party hereto shall assign this Agreement or any of its rights or obligations hereunder without the consent in writing of the other party; PROVIDED that Seller may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all of its interest in the Leases in the lands comprised in Schedule "A" hereto and Buyer may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system of Buyer. The provisions of this Section 5 shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

6. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. Provincial Laws:

This Agreement shall be construed in accordance with the laws of the Province of Alberta.



8. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify.

ARTICLE XVIII

ARBITRATION

1. If any dispute arises between the parties to the contract relating to matters in connection with the interpretation or construction of the provisions hereof, such dispute shall be settled by arbitration in the following manner, that is to say:-

Within Twenty (20) days after the written request of either party hereto for arbitration, the parties hereto shall agree upon and appoint one arbitrator. In case the parties shall fail to name an arbitrator within Twenty (20) days after the written request of any party for arbitration, application for the appointment of an arbitrator shall be made within Ten (10) days after the expiration of such Twenty (20) day period to any Judge of the Supreme Court of Alberta. The arbitrator so selected shall have all the powers given by The Arbitration Act, being Chapter III, Revised Statutes of Alberta, 1942, or any Act in amendment or in substitution therefor. The decision of the sole arbitrator selected as above shall be final and binding on the parties hereto.



ARTICLE XIX

FAVOURED NATIONS

1. In the event the Buyer or Westcoast Transmission Company Limited shall enter into any contracts for the purchase of gas with any producer or producers of gas, and actually take delivery of and pay for gas within the Peace River Area of the Province of Alberta during the period of this contract upon terms more favourable to such producer or producers than the terms hereof, Seller shall have the right upon notice in writing to the Buyer to have this contract modified so as to make applicable to the sale and purchase of gas hereunder such more favourable terms as are contained in the said contracts with said producer or producers. The Buyer shall forthwith upon completion of any contracts with any producer or producers of gas as aforesaid, serve upon the Seller a true copy of each such contract.

IN WITNESS WHEREOF the parties hereto have hereunto caused their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.

SIGNED, SEALED AND DELIVERED	)	PATHFINDER PETROLEUMS LIMITED
	)	
	)	
	)	"A. H. Norton"
	)	_____ (Seal)
	)	"J. B. Cotsworth"
	)	_____
	)	
	)	WESTCOAST TRANSMISSION COMPANY
	)	(ALBERTA) LTD.,
	)	
	)	"D. P. McDonald"
	)	_____ (Seal)
	)	"A. P. Bowsher"
	)	_____
	)	
	)	
	)	





TO

Westcoast Transmission Company Limited does hereby consent to the execution of the within Agreement by Westcoast Transmission Company (Alberta) Ltd., and does hereby approve the terms thereof.

In consideration of your Company entering into the said Agreement, Westcoast Transmission Company Limited does hereby covenant and agree with your Company, its successors and assigns, that if default should at any time be made by Westcoast Transmission Company (Alberta) Ltd., its successors and assigns, in payment of any moneys which shall hereafter be due to your Company in accordance with the terms of the said Agreement, or the due observance and performance of any term and condition of the said Agreement to be observed and performed by it, then Westcoast Transmission Company Limited will forthwith pay all such moneys due and payable to your Company and will perform and carry out or cause to be performed and carried out each and every term and condition of the said Agreement in accordance with the purpose and intent thereof.

It shall not be necessary for your Company to notify Westcoast Transmission Company Limited of the occurrence of any such default.

This guarantee shall be a continuing guarantee and is to remain in force concurrently with the terms of the said Agreement.

DATED at the City of Calgary, in the Province of Alberta, this

25th day of February, A. D. 1955.

WESTCOAST TRANSMISSION COMPANY LIMITED,

By "D. P. McDonald"

"A. P. Bowsher"





Schedule "A" to the Gas Purchase Agreement made between  
 Pathfinder Petroleum Limited, as Seller, of the First  
 Part, and Westcoast Transmission Company (Alberta) Ltd.,  
 as Buyer, of the Second Part, dated the 25th day of  
February, A.D. 1955.

Baytree Area (Alberta).

NATURAL GAS LICENSE NO. 68

Township 79, Range 12, West of the 6th Meridian

Total  
Acreage

All of Sections 14 to 23 inclusive, all of Sections 26 to  
 35 inclusive.

Township 80, Range 12, West of the 6th Meridian

All of Sections 3 to 6 inclusive.

Township 80, Range 13, West of the 6th Meridian

All of Sections 1 to 3 inclusive.

17,280

PETROLEUM AND NATURAL GAS LEASES

<u>Lease No.</u>	<u>In Twp. 78, Rge. 13, W6th Mer.</u>	<u>Acreage</u>	
102208	NE/4 of Section 33, NW/4 of Section 34.	328	
102209	NE/4 of Section 34, NW/4 of Section 35.	328	
102210	NE/4 of Section 35, NW/4 of Section 36.	326	
	<u>In Twp. 79, Rge. 13, W6th Mer.</u>		
102211	All of Sections 9 and 10	1,288	
102212	All of Sections 11 and 12	1,288	
102213	All of Sections 22, 23, 24, 25, 26, 27, 34, 35, 36.	5,786	9,344

PETROLEUM AND NATURAL GAS LEASES \*

	<u>In Twp. 79, Rge. 12, W6th Mer.</u>		
102205	N/2 of Section 14	322	
102206	All of Sections 20, 21, 22, 27, 28, 29, 32, 33, 34.	5,776	
	<u>In Twp. 80, Rge. 12, W6th Mer.</u>		
102207	All of Section 6.	640	7,332
	Petroleum and Natural Gas Leases - TOTAL -		<u>16,082</u>

\* Excluding the Natural Gas Rights to the Cadotte Formation.







Abstract of Amendment to Gas Purchase Contract dated  
February 21, 1955 between Imperial Oil Limited and West-  
coast Transmission Company (Alberta) Ltd.

(Belloy Field - Alberta)

December 16, 1955

1. Paragraph 1 of Article V is amended by deleting the words "Seller's undivided interest in" which refer to the maximum day volume obligation of Seller.
2. Paragraph 2 of Article VI is amended to change the pressure referred to in the heading from 15.025 psia to 14.4 psia.
3. Schedule "A" is amended by the addition of a sentence stating that the gas rights are owned or controlled by Seller by virtue of Petroleum Natural Gas Leases.













THIS AGREEMENT made this 9th day of March, A.D. 1955,

BETWEEN:

SHELL OIL COMPANY, a body corporate,  
with an office at the City of Calgary, in  
the Province of Alberta, (hereinafter called  
the "Seller")

OF THE FIRST PART,

- and -

WESTCOAST TRANSMISSION COMPANY  
(ALBERTA) LTD., a body corporate with  
head office at the City of Calgary, in the  
Province of Alberta, (hereinafter called the  
"Buyer")

OF THE SECOND PART.

WHEREAS the Buyer represents that it proposes to construct and operate a natural gas gathering system for the purpose of gathering the gas produced in fields in the Peace River area of Alberta to be sold and delivered by the Buyer to Westcoast Transmission Company Limited at a point approximately three (3) miles east of the British Columbia border; and

WHEREAS Westcoast Transmission Company Limited proposes to construct and operate a natural gas transmission line for the transmission of gas from the gas fields in northern British Columbia and northern Alberta, including gas to be sold by the Seller to the Buyer hereunder, to a point on the International Boundary between the Province of British Columbia and the State of Washington, near Sumas, Washington, where the said pipeline will connect with facilities to be constructed by Pacific Northwest Pipeline Corporation, the said pipeline to serve customers in British Columbia en route; and

WHEREAS the Seller is the owner of an undivided Fifty Percent (50%) interest in and to the natural gas rights in and under the lands described in Schedule "A" hereto attached and by reference made a part hereof; and



WHEREAS the Seller's exploratory operations to date have not delineated the field underlying the said lands or provided the information required to ascertain the ultimate extent of the reserves of gas available therefrom; and

WHEREAS the Seller is desirous of obtaining a market for the gas which may be produced from the said lands and is desirous of making available to the Buyer the gas reserves underlying the said lands subject to the reservations and the terms and conditions hereinafter set out,

WITNESSETH that in consideration of the mutual covenants hereinafter set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the parties hereto as follows:

1. Unless a meeting is held at an earlier date as hereinafter provided, the Seller and the Buyer shall begin consultations not later than the First day of January, A.D. 1959, for the purpose of entering into a gas purchase agreement substantially in accordance with the form of agreement hereto attached and market Schedule "B", providing for the sale and delivery by the Seller to the Buyer and the purchase by the Buyer of the Seller's interest in and to the volumes of natural gas available for sale to the Buyer from the lands described in Schedule "A" in the volumes and at the price or prices to be mutually determined by the Buyer and the Seller (PROVIDED that the price of gas to be agreed upon shall not be less than the price set out in Article VI of Schedule "B").

2. In the event that at any time prior to the First day of January, A.D. 1959:
- (i) The Seller notifies the Buyer in writing that it desires to commence consultations with the Buyer; or
  - (ii) The Buyer notifies the Seller in writing that at a date beginning twelve (12) months after receipt of such notice by the Seller, the Buyer is willing to pay to the Seller a minimum price of 10¢ per Mcf;

then the consultations for the purpose above described shall forthwith be commenced.



The first part of the paper discusses the importance of the research and the objectives of the study. It also provides a brief overview of the methodology used in the study. The second part of the paper presents the results of the study and discusses the implications of the findings. The third part of the paper concludes the study and provides some final thoughts on the research.

The results of the study show that there is a significant relationship between the variables studied. The findings suggest that the research has some practical implications for the field. The study also highlights some areas for further research and provides some suggestions for future studies.

In conclusion, the study has provided some valuable insights into the research topic. The findings are consistent with the previous research and provide some new information. The study also highlights the importance of the research and the need for further investigation in this area.

3. It is expressly understood and agreed:
  - a. That any volumes of gas which may be made available to the Buyer from the said lands shall be surplus to any requirements of Northland Utilities Limited, being the local utility obtaining its supplies of gas for local distribution from the said lands and to the requirements of other local markets.
  - b. That the Seller will make available to the Buyer such volumes of gas as in the opinion of the Seller and the Buyer may be economically produced, gathered and treated on the said lands described in Schedule "A" having regard to the cost of drilling for, gathering, treating, and transporting to the main line of the Buyer, the said gas at the time of execution and during the life of the contract to be entered into.
  - c. The Buyer shall forthwith upon determination by the Buyer and the Seller of the volumes of gas to be sold and purchased, commence and thereafter continue with due diligence the construction of a lateral line and all other facilities which may be necessary to take delivery from the Seller of such gas.
  - d. The interest of the Seller in the gas in and under the lands described in the said Schedule "A" shall be and remain dedicated to the service of the markets of the Buyer's system from the date hereof up to the First day of January, A.D. 1960, subject to and in accordance with the terms of this Agreement.
4. This Agreement shall be void unless The British American Oil Company Limited shall execute a similar agreement with respect to its interest in the gas in and under the lands described in Schedule "A", within Sixty (60) days from the date hereof.
5. Upon the happening of any one of the following contingencies, to wit:
  - a. The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States, containing terms and conditions satisfactory to such customer or customers;
  - b. The failure of the Seller and the Buyer to mutually agree upon the terms and conditions of the said Gas Purchase Agreement in accordance with the provisions hereof on or before the expiration of Ninety (90) days from the date of the first consultations held between the Buyer and the Seller as herein provided;

## APPENDIX A

The first part of the appendix contains a list of the names of the persons who have been elected to the office of Mayor of the City of New York since the year 1784. The names are arranged in chronological order, and the year of election is given in parentheses after each name.

The second part of the appendix contains a list of the names of the persons who have been elected to the office of Mayor of the City of New York since the year 1784. The names are arranged in chronological order, and the year of election is given in parentheses after each name.

The third part of the appendix contains a list of the names of the persons who have been elected to the office of Mayor of the City of New York since the year 1784. The names are arranged in chronological order, and the year of election is given in parentheses after each name.

The fourth part of the appendix contains a list of the names of the persons who have been elected to the office of Mayor of the City of New York since the year 1784. The names are arranged in chronological order, and the year of election is given in parentheses after each name.

The fifth part of the appendix contains a list of the names of the persons who have been elected to the office of Mayor of the City of New York since the year 1784. The names are arranged in chronological order, and the year of election is given in parentheses after each name.

The sixth part of the appendix contains a list of the names of the persons who have been elected to the office of Mayor of the City of New York since the year 1784. The names are arranged in chronological order, and the year of election is given in parentheses after each name.

The seventh part of the appendix contains a list of the names of the persons who have been elected to the office of Mayor of the City of New York since the year 1784. The names are arranged in chronological order, and the year of election is given in parentheses after each name.

The eighth part of the appendix contains a list of the names of the persons who have been elected to the office of Mayor of the City of New York since the year 1784. The names are arranged in chronological order, and the year of election is given in parentheses after each name.

The ninth part of the appendix contains a list of the names of the persons who have been elected to the office of Mayor of the City of New York since the year 1784. The names are arranged in chronological order, and the year of election is given in parentheses after each name.

- c. The failure of the Seller and the Buyer to execute the said Gas Purchase Agreement within one hundred and eighty (180) days from the date of the first consultations held between the Buyer and the Seller as herein provided;

either the Seller or the Buyer shall have the right to terminate this Agreement by written notice to the other party.

6. In the event Westcoast Transmission Company Limited fails to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956, the Seller shall have the right to terminate this Agreement by written notice to the Buyer.

IN WITNESS WHEREOF the parties have hereunto caused their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, the day and year first above written.

SHELL OIL COMPANY

(Seal)

"Paul L. Kartzke"

WESTCOAST TRANSMISSION COMPANY  
(ALBERTA) LTD.

(Seal)

"D. P. McDonald"

"A. P. Bowsher"



Schedule "A" to the Gas Purchase Agreement made between Shell Oil Company as Seller of the First Part, and Westcoast Transmission Company (Alberta) Ltd. as Buyer of the Second Part, dated the 9th day of March, A.D. 1955.

Whitelaw Area (Alberta)

1. Lands as to which natural gas rights in the Gething, Jurassic and Triassic Zones only are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of a Provincial Natural Gas Lease.

Township 81, Range 1, West of the 6th Meridian

All Sections 17, 18, 19, 20, 29, 30, 31, and 32.

5,120 acres more or less

Township 81, Range 2, West of the 6th Meridian

All Sections 13, 24, 25, 26, 34, 35, and 36

4,480 acres more or less

Township 82, Range 2, West of the 6th Meridian

All Sections 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, and 24

10,880 acres more or less

2. Lands as to which natural gas rights in the Gething Zone only are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of a Provincial Natural Gas Lease.

Township 82, Range 2, West of the 6th Meridian

All Sections 7, 8, 17, 18, 19, and 20

3,840 acres more or less

Identified as Schedule "A" of Agreement between Shell Oil Company and Westcoast Transmission Company (Alberta) Ltd. dated March 9, 1955.

"D.P. McDonald"

"Paul L. Kartzke"



THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF THE HISTORY OF ARTS  
AND ARCHITECTURE

RESEARCH REPORT

THE HISTORY OF ARTS AND ARCHITECTURE  
DEPARTMENT OF THE HISTORY OF ARTS  
AND ARCHITECTURE

RESEARCH REPORT  
THE HISTORY OF ARTS AND ARCHITECTURE

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RESEARCH REPORT



3. Lands as to which all natural gas rights except those in the Cething, Jurassic and Triassic Zones are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of Provincial Petroleum and Natural Gas Leases.

Township 81, Range 1, West of the 6th Meridian

All Sections 19, 20, 29, 30, 31 and 32

3,840 acres more or less

Township 81, Range 2, West of the 6th Meridian

$\frac{1}{2}$  Sec. 13, Secs. 14 and 15,  $E\frac{1}{2}$  Sec. 16,  $E\frac{1}{2}$  Sec. 24,  $E\frac{1}{2}$  Sec. 25,  $W\frac{1}{2}$  Sec. 28, Secs. 29, 30, 31 and 32,  $W\frac{1}{2}$  Sec. 33,  $E\frac{1}{2}$  Sec. 36.

6,080 acres more or less

Township 82, Range 2, West of the 6th Meridian

$W\frac{1}{2}$  Sec. 1, Secs. 2 and 3,  $E\frac{1}{2}$  Sec. 4,  $E\frac{1}{2}$  Sec. 9, Secs. 10 and 11,  $W\frac{1}{2}$  Sec. 12,  $W\frac{1}{2}$  Sec. 13, Secs. 14 and 15,  $E\frac{1}{2}$  Sec. 16, Secs. 19 and 20,  $W\frac{1}{2}$  Sec. 21,  $E\frac{1}{2}$  Sec. 24.

7,680 acres more or less

4. Lands as to which all natural gas rights are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited, under Provincial Petroleum and Natural Gas Leases.

Township 81, Range 1, West of the 6th Meridian

$NW\frac{1}{4}$  Sec. 1,  $NE\frac{1}{4}$  Sec. 2,  $W\frac{1}{2}$  Sec. 3, All Secs. 4 and 9,  $W\frac{1}{2}$  Sec. 10,  $W\frac{1}{2}$  Sec. 13, All Sec. 14,  $E\frac{1}{2}$  Sec. 15,  $W\frac{1}{2}$  Sec. 21,  $E\frac{1}{2}$  Sec. 22, All Sec. 23,  $W\frac{1}{2}$  and  $NE\frac{1}{4}$  Sec. 24,  $S\frac{1}{2}$  Sec. 25, All Sec. 26,  $E\frac{1}{2}$  Sec. 27,  $W\frac{1}{2}$  Sec. 33.

6,880 acres more or less



Township 82, Range 1, West of the 6th Meridian

$W\frac{1}{2}$  Sec. 13, all Sec. 14,  $E\frac{1}{2}$  Sec. 15, all Sec. 19,  
 $NW\frac{1}{4}$  and  $S\frac{1}{2}$  Sec. 20,  $W\frac{1}{2}$  Sec. 21,  $E\frac{1}{2}$  Sec. 22, all  
Secs. 23, 25 and 26,  $E\frac{1}{2}$  Sec. 27,  $W\frac{1}{2}$  Sec. 28, all Sec.  
29,  $W\frac{1}{2}$  and  $NE\frac{1}{4}$  Sec. 30,  $SE\frac{1}{4}$  Sec. 31, all Sec. 32,  
 $W\frac{1}{2}$  Sec. 33.

7,840 acres more or less

Township 83, Range 1, West of the 6th Meridian

$SW\frac{1}{4}$  Sec. 1, all Secs. 2 and 3,  $E\frac{1}{2}$  Sec. 4,  $SW\frac{1}{4}$  Sec. 8,  
 $E\frac{1}{2}$  Sec. 9, all Secs. 10 and 11,  $NW\frac{1}{4}$  Sec. 12,  $SW\frac{1}{4}$  Sec.  
13,  $S\frac{1}{2}$  Sec. 14,  $S\frac{1}{2}$  Sec. 15,  $SE\frac{1}{4}$  and  $NW\frac{1}{4}$  Sec. 16,  $N\frac{1}{2}$  Sec.  
17,  $NE\frac{1}{4}$  Sec. 18,  $E\frac{1}{2}$  Sec. 19, all Sec. 20,  $W\frac{1}{2}$  Sec. 21,  
 $NE\frac{1}{4}$  Sec. 22,  $N\frac{1}{2}$  Sec. 23,  $NW\frac{1}{4}$  Sec. 24,  $W\frac{1}{2}$  Sec. 25, all  
Sec. 26,  $E\frac{1}{2}$  Sec. 27,  $W\frac{1}{2}$  Sec. 28, all Sec. 29,  $E\frac{1}{2}$  Sec.  
30,  $SE\frac{1}{4}$  Sec. 31,  $S\frac{1}{2}$  Sec. 32,  $SW\frac{1}{4}$  Sec. 33,  $SE\frac{1}{4}$  Sec. 34,  
 $S\frac{1}{2}$  Sec. 35,  $SW\frac{1}{4}$  Sec. 36.

11,040 acres more or less

Township 83, Range 2, West of the 6th Meridian

$W\frac{1}{2}$  Sec. 1, all Secs. 2 and 3,  $E\frac{1}{2}$  Sec. 4, all Sec. 7,  
 $W\frac{1}{2}$  Sec. 8,  $E\frac{1}{2}$  Sec. 9, all Secs. 10 and 11,  $W\frac{1}{2}$  Sec. 12,  
 $W\frac{1}{2}$  Sec. 13, all Secs. 14 and 15,  $E\frac{1}{2}$  Sec. 16,  $W\frac{1}{2}$  Sec. 17,  
all Sec. 18,  $S\frac{1}{2}$  &  $NE\frac{1}{4}$  Sec. 19,  $W\frac{1}{2}$  Sec. 20,  $W\frac{1}{2}$  Sec. 26,  
all Secs. 27 and 28,  $E\frac{1}{2}$  Sec. 29,  $SE\frac{1}{4}$  Sec. 32,  $S\frac{1}{2}$  Sec. 33,  
 $S\frac{1}{2}$  Sec. 34 and  $SW\frac{1}{4}$  Sec. 35.

11,360 acres more or less

Township 83, Range 3, West of the 6th Meridian

All Secs. 8, 9, 10, 11, 14, 15, 16 and 17

5,120 acres more or less

Township 81, Range 2, West of the 6th Meridian

$NW\frac{1}{4}$  Sec. 1,  $N\frac{1}{2}$  Sec. 2,  $N\frac{1}{2}$  Sec. 3,  $NE\frac{1}{4}$  Sec. 4,  $E\frac{1}{2}$  Sec.  
9, Secs. 10 and 11,  $W\frac{1}{2}$  Sec. 12.

2,880 acres more or less



Township 82, Range 2, West of the 6th Meridian

E $\frac{1}{2}$  Sec. 25, W $\frac{1}{2}$  Sec. 28, Secs. 29, 30, 31, and 32, W $\frac{1}{2}$  Sec. 33, E $\frac{1}{2}$  Sec. 36.

3,840 acres more or less

Township 81, Range 3, West of the 6th Meridian

N $\frac{1}{2}$  Sec. 5, NE $\frac{1}{4}$  Sec. 6, E $\frac{1}{2}$  Sec. 7, Secs. 8, 10, 11, 12, 13, 14, 15, 17, E $\frac{1}{2}$  Sec. 18, Secs. 22, 23, 24, 28 and 29, E $\frac{1}{2}$  Sec. 30, SE $\frac{1}{4}$  Sec. 31, S $\frac{1}{2}$  Sec. 32, S $\frac{1}{2}$  Sec. 33.

10,560 acres more or less

Township 82, Range 3, West of the 6th Meridian

All Sec. 1, E $\frac{1}{2}$  Sec. 2, E $\frac{1}{2}$  Sec. 11, Secs. 12, 13, 26, 27, 28, 29, 32, 33, 34 and 35.

7,680 acres more or less

5. Lands as to which all natural gas rights are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of Freehold Petroleum and Natural Gas Lease.

Township 81, Range 3, West of the 6th Meridian

Fr. N $\frac{1}{2}$  Sec. 31, Fr. N $\frac{1}{2}$  Sec. 32, Fr. NW $\frac{1}{4}$  Sec. 33, Fr. N $\frac{1}{2}$  Sec. 34

Township 81, Range 4, West of the 6th Meridian

Fr. N $\frac{1}{2}$  Sec. 35, Fr. N $\frac{1}{2}$  Sec. 36

Township 82, Range 3, West of the 6th Meridian

All Sec. 3, SW $\frac{1}{4}$  Sec. 4, S $\frac{1}{2}$  & Fr. N $\frac{1}{2}$  Sec. 5, N $\frac{1}{2}$  and SW $\frac{1}{4}$  Sec. 6, S $\frac{1}{2}$  and NE $\frac{1}{4}$  Sec. 7, all Secs. 8, 9, and 10, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec 15, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec. 16, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec. 17, S $\frac{1}{2}$  Sec. 18.

Township 82, Range 4, West of the 6th Meridian

All of Secs. 1, 2 and 11, W $\frac{1}{2}$  Sec. 12, SW $\frac{1}{4}$  Sec. 13, E $\frac{1}{2}$  and NW $\frac{1}{4}$  Sec. 14, W $\frac{1}{2}$  and NE $\frac{1}{4}$  Sec. 23, SE $\frac{1}{4}$  and NW $\frac{1}{4}$  Sec. 25, W $\frac{1}{2}$  and Fr. E $\frac{1}{2}$  Sec. 26, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec. 36.

11,770 acres more or less



DATED

A.D. 1955

BETWEEN:

SHELL OIL COMPANY,

The "Seller" of the First Part,

- and -

WESTCOAST TRANSMISSION COMPANY  
(ALBERTA) LTD.,

The "Buyer" of the Second Part.

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GAS PURCHASE AGREEMENT

Re: Whitelaw - Alberta

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Identified as Schedule "B" to Agreement between Shell Oil Company  
and Westcoast Transmission Company (Alberta) Ltd. dated March 9, 1955:

"D. P. McDonald"

"Paul L. Kartzke"



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THIS AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_ A. D. 1955.

B E T W E E N:

SHELL OIL COMPANY, a body corporate  
having an office at the City of  
Calgary, in the Province of Alberta,  
(hereinafter called the "Seller")

OF THE FIRST PART;

- and -

WESTCOAST TRANSMISSION COMPANY (ALBERTA)  
LTD., a body corporate with head office  
at the City of Calgary, in the Province  
of Alberta, (hereinafter called the "Buyer")

OF THE SECOND PART.

WITNESSETH that in consideration of the mutual covenants herein-  
after set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the  
parties hereto as follows:

ARTICLE I

REPRESENTATIONS

1. Buyer's Representations:

The Buyer represents that it proposes to construct and operate  
a natural gas gathering system for the purpose of gathering the gas pro-  
duced in fields in the Peace River area of Alberta to be sold and delivered  
by the Buyer to Westcoast Transmission Company Limited at a point approxi-  
mately three (3) miles East of the British Columbia border. Westcoast  
Transmission Company Limited proposes to construct and operate a natural  
gas transmission line for the transmission of gas from the gas fields in  
northern Alberta including gas to be sold by the Seller to the Buyer  
hereunder, and northern British Columbia to a point on the International  
Boundary between the Province of British Columbia and the State of



Washington near Sumas, Washington, and serve customers in British Columbia en route. The Westcoast Transmission Company Limited will sell gas at a connection in the vicinity of Sumas to a pipeline system to be constructed to serve consumers in the Western United States.

2. Seller's Representations:

Seller represents that it owns or controls an interest in the natural gas rights in and under the lands described in Schedule "A" hereto attached and by reference made a part hereof, as therein more particularly described.

The Seller further represents that the Seller is willing, subject to the provisions of this contract, except as to gas reserved to the Seller as herein provided, to make available to the pipeline to be constructed by Buyer its gas produced from the said lands.

3. Buyer's Performance with Diligence:

The Buyer agreed to proceed with diligence with its endeavours to procure all Governmental authorities, permits and rights necessary for the construction and operation of its pipeline, and upon procuring the same to proceed with diligence with the construction of its said pipeline facilities. However, upon the happening of any one of the following contingencies, to wit:-

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A. D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the western United States containing terms and conditions satisfactory to such customer or customers;
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A. D. 1956;



- (c) The failure of the Buyer to complete the construction of its pipeline facilities in readiness to take delivery of gas hereunder from the Seller by the agreed upon date;

the Seller shall have the right to terminate this contract by written notice to be delivered to Buyer at any time after happening of any such contingency.

4. Seller's Performance with Diligence:

Seller agrees that it will be ready to deliver gas under this contract whenever the pipeline facilities of the Buyer are ready to receive the same, and that, subject to the other terms of this Agreement, it will drill such wells and install such facilities thereafter with diligence as needed for the performance of this contract. HOWEVER, upon the happening of any of the following contingencies, to wit:

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States containing terms and conditions satisfactory to such customer or customers;
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956, providing such failure is beyond its reasonable control;
- (c) The failure of the Seller to complete its facilities in readiness to deliver the gas hereunder to the Buyer on the agreed upon date;

the Buyer shall have the right to terminate this contract by written notice to be delivered to Seller at any time after the happening of any such contingency.

5. Non-Waiver of Remedies:

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described





in Sections 3 and 4 of this Article I shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.

## ARTICLE II

### TERM

1. Subject to prior termination under the provisions of Article I hereof, this Agreement shall become effective on the date hereof and shall remain in force and effect for a term of Twenty (20) years from the date gas is first delivered hereunder, or until January 1st, 1980, whichever shall first occur; PROVIDED HOWEVER, that this Agreement may be terminated at an earlier date if the volume of gas produced from the lands covered by the Leases is, in the Seller's judgment, unprofitable to the Seller, or if the volume of gas available from the Whitelaw Field, considering such volume and the cost of the lateral line to the Field (but not considering the volumes of gas which may then be available to the Buyer elsewhere) is, in the Buyer's judgment, no longer profitable to the Buyer.

## ARTICLE III

### DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this Agreement shall have the following meanings:

1. The term "day" shall mean a period of Twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A.M. Mountain Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A.M. on the First day of the calendar month and ending at Eight (8:00) A.M. on the First day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning January First and ending December Thirty-first.



The first part of the paper is devoted to a discussion of the  
theoretical aspects of the problem. It is shown that the  
problem is equivalent to the problem of finding the  
minimum of a certain functional.

In the second part of the paper, the problem is solved  
numerically. It is shown that the minimum of the  
functional is attained at a certain point. The  
value of the minimum is found to be approximately  
equal to 1.5. The results of the numerical solution  
are compared with the results of the theoretical  
analysis. It is shown that the numerical results  
are in good agreement with the theoretical results.  
The problem is solved for various values of the  
parameters. It is shown that the minimum of the  
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value of the minimum is found to be approximately  
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functional is attained at a certain point. The  
value of the minimum is found to be approximately  
equal to 1.5. The results of the numerical solution  
are compared with the results of the theoretical  
analysis. It is shown that the numerical results  
are in good agreement with the theoretical results.

4. The term "cubic foot" shall mean the volume of gas which occupies One (1) cubic foot when such gas is at a temperature of Sixty Degrees Fahrenheit ( $60^{\circ}$  F.), and at a pressure of Fifteen and Twenty-five thousandths (15.025) pounds per square inch absolute.
5. The term "Mcf" shall mean One Thousand (1,000) cubic feet of gas.
6. The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of One (1) pound of water One Degree Fahrenheit ( $1^{\circ}$  F.) at Sixty Degrees Fahrenheit ( $60^{\circ}$  F.).
7. The term "total heating value" when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of One (1) cubic foot at a temperature of Sixty Degrees Fahrenheit ( $60^{\circ}$  F.), if saturated with water vapor, and under a pressure equal to that of Thirty (30) inches of mercury at Thirty-two Degrees Fahrenheit ( $32^{\circ}$  F.) and under standard gravitational force (acceleration Nine Hundred and Eighty and Six Hundred and Sixty-five Thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.
8. The term "Buyer" shall mean Westcoast Transmission Company (Alberta) Ltd.
9. The term "Seller" shall mean Shell Oil Company or its assignee.
10. The term "Lease" shall mean and include any document by virtue of which the Seller is entitled to own, drill for and produce



and sell gas from the lands described in the Schedule "A" hereto attached.

11. The term "Westcoast Transmission Company Limited" shall mean and include the Westcoast Transmission Company Limited, a body corporate incorporated by Act of Parliament of Canada, or its successors or assigns.
12. The term "natural gas" shall mean natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
13. The term "billing demand" shall mean the total of the contract demand under the terms of the contract made between Westcoast Transmission Company Limited and Pacific Northwest Pipeline Corporation dated December 11th, 1954, and the maximum quantity of gas delivered by Westcoast Transmission Company Limited to its customers in British Columbia on any one day during the twelve months ending with the billing month, exclusive however, of gas delivered by Westcoast Transmission Company Limited to its customers both in Canada and the United States on an interruptible basis, that is to say, subject to curtailment or interruption upon notice by Westcoast Transmission Company Limited whenever and to the extent that in the sole judgment of Westcoast Transmission Company Limited such curtailment or interruption is necessary.

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1801. It is a very important document, as it contains the President's first message to the Congress.

2. The second part of the document is a report from the Secretary of the Navy, dated January 10, 1801. It contains information about the state of the Navy and the ships that are in service.

3. The third part of the document is a report from the Secretary of the Treasury, dated January 15, 1801. It contains information about the state of the Treasury and the finances of the government.

4. The fourth part of the document is a report from the Secretary of the War, dated January 20, 1801. It contains information about the state of the War and the troops that are in service.

5. The fifth part of the document is a report from the Secretary of the Interior, dated January 25, 1801. It contains information about the state of the Interior and the land that is being surveyed.

6. The sixth part of the document is a report from the Secretary of the Marine Corps, dated January 30, 1801. It contains information about the state of the Marine Corps and the ships that are in service.



ARTICLE IV

AVAILABILITY OF GAS

1. Cas Reserves under Contract:

The Seller represents that all the Leases covered by this contract may be subject to renewal from time to time as in the said Leases provided and the Seller is entitled to sell or dispose of its interest as described in Schedule "A" hereto attached in all gas produced from the lands covered thereby. Subject to the possibility of termination of this contract as herein provided and the other provisions hereof, Seller hereby agrees to maintain its interest in the said Leases in full force and effect and apply for renewals thereof from time to time and to sell and deliver to Buyer the volumes of gas to be sold and purchased in accordance with the terms hereof, produced and saved from the lands covered by the Leases as shown on Schedule "A", excepting and reserving, however, the following rights:-

- (1) The right to use such gas produced from any one or more of said Leases, at the Seller's option, as Seller may need or require the same for development of Seller's properties situated within the same field, including, but not limited to, the use of gas for fuel, drilling, developing and operating said properties, for the production of oil, gas or other minerals.
- (2) The right to use such gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for the Seller (providing that such processing plants are located in the Whitelaw Field or in the vicinity thereof, but whether or not the processing plants are owned by others than the Seller) or for effecting delivery of the gas to the Buyer, it being recognized by the Buyer that gas so used by the Seller, and gas lost through process shrinkage or gathering operations, is reserved to Seller.
- (3) The right to process or to have processed for it such gas.
- (4) The right, as between Buyer and Seller, to retain and dispose of, (free from any and all claims by Buyer), any and all liquids recovered by or for the Seller from the gas prior to delivery to the Buyer.





- (5) The right to operate the Leases covered by this contract, free from any and all control by the Buyer, in such manner as the Seller, in its sole discretion, deems advisable, including, without limitation, the right to drill new wells, and to repair or rework old wells.
- (6) That any volumes of gas to be made available to the Westcoast Companies from the said lands shall be surplus to any requirements of Northland Utilities Limited being a local utility obtaining its supplies of gas for local distribution from the said lands.

2. Maintenance of Leases:

Seller shall not be required to retain by payment of rentals lands which, in Seller's judgment, have been condemned by development, nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit, but before releasing any gas Lease on any such lands, Seller shall give Buyer timely notice that it proposes to surrender the same, and, upon demand by Buyer, assign to Buyer its interest in such gas Lease, upon payment by Buyer to Seller of the Seller's interest in the salvage value of any casing and other equipment of Seller in any well or wells located on the lands covered thereby or used in conjunction therewith. In the event Buyer shall, pursuant to the foregoing provisions, acquire any gas Leases, Buyer shall have the right to take into its pipeline gas produced from the lands covered by such Leases and the maximum volumes specified in Section 1 of Article V shall be reduced in like amount. PROVIDED that the provisions of this paragraph shall not be construed to impose on the Seller any obligation to gather or treat such gas for the account of the Buyer.

3. Limitation to Legal Production:

Notwithstanding anything herein contained, the volumes of gas that Seller shall be obligated to deliver to Buyer under the terms of this contract shall be limited to volumes of gas which can be legally produced from the lands covered by this contract less the volumes of gas excepted

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and reserved as provided in this contract.

ARTICLE V

SALE AND PURCHASE OF GAS

1. Maximum Day Volumes:

Subject to the provisions of this contract the maximum volume of gas that Seller shall be required to sell and deliver to Buyer hereunder in any one day commencing on the effective date as hereinafter defined shall be Seller's undivided interest in the following volumes:

<u>Period</u>	<u>Million Cu. Ft. per Day</u>
For the period following the first delivery of gas to January 1, 1958:	-
For the following calendar year:	18
For the following calendar year, and for each calendar year thereafter:	25

The time at which deliveries of gas commence will depend upon the effective date which shall be the earliest of the following dates:-

- (i) The date beginning nine (9) months after the receipt of written notice by the Buyer from the Seller that the Seller is ready to deliver gas to the pipeline facilities of the Buyer; or
- (ii) The date beginning twelve (12) months after the receipt of written notice from the Buyer to the Seller that the Buyer is willing to pay to the Seller a minimum price of Ten Cents (10¢) per Mcf under the terms of Sections 1 and 2 of Article VI hereof for the gas purchased and sold under the terms hereof; or
- (iii) The date prior to the First day of January, 1960, when it is mutually agreed between the Buyer and the Seller what volumes can be economically produced from the lands, more particularly as set forth in letter dated the Ninth day of March, 1955, and signed by both the Buyer and the Seller.

In the event that the Seller is unable for a period of Fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum day volumes specified in Section 1 of this Article V,

THE UNIVERSITY OF CHICAGO

1964

DEPARTMENT OF CHEMISTRY

RESEARCH REPORT

THE KINETICS OF THE REACTION OF HYDROGEN PEROXIDE WITH

HYDROXYLAMINE IN AQUEOUS SOLUTION AT VARIOUS TEMPERATURES

BY J. H. KILPATRICK AND J. R. HARRIS

DEPARTMENT OF CHEMISTRY, UNIVERSITY OF CHICAGO

CHICAGO, ILLINOIS

1964

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The reaction of hydrogen peroxide with hydroxylamine in aqueous solution has been studied at various temperatures. The rate of reaction was found to be first order in both reactants and the activation energy was determined to be 14.5 kcal/mole.

INTRODUCTION

The reaction of hydrogen peroxide with hydroxylamine in aqueous solution has been studied previously by several investigators.

It was found that the reaction was first order in both reactants and the activation energy was determined to be 14.5 kcal/mole.

The present study was undertaken to determine the rate of reaction at various temperatures.

EXPERIMENTAL

The reaction was studied in aqueous solution at various temperatures. The rate of reaction was determined by measuring the decrease in the concentration of hydrogen peroxide over time.

The concentration of hydrogen peroxide was determined by titration with potassium permanganate.

The results of the experiments are shown in Table I.

DISCUSSION

The reaction of hydrogen peroxide with hydroxylamine in aqueous solution has been studied previously by several investigators.

It was found that the reaction was first order in both reactants and the activation energy was determined to be 14.5 kcal/mole.

The present study was undertaken to determine the rate of reaction at various temperatures.

EXPERIMENTAL

when the Buyer is ready and able to accept the same, the Buyer shall have the right, in addition to any other right which Buyer may have under the terms of this Agreement, to reduce the volumes specified in Section 1 of this Article V in the proportion that the average daily deliveries during such fifteen (15) day period bears to the maximum day volumes specified in Section 1 of this Article V, PROVIDED HOWEVER, upon the Seller remedying or partially remedying the deficiency within the following calendar year, the applicable and maximum volume specified in Section 1 of this Article V shall be reinstated or partially reinstated as the case may be.

In the event the United States customer of Buyer is not authorized to import the volumes specified in subsection (a), (b), and (c) of Section 1 of Article IV of the contract between the said customer and the Buyer dated December 11, 1954, then the Buyer shall have the right to reduce the maximum volumes set out in Section 1 of this Article V in the proportion that the volumes authorized to be imported bear to the said volumes specified in the said contract.

2. Contract Volumes will be as follows:

Subject to the provisions of this contract, Seller agrees to sell and deliver and Buyer agrees to purchase and receive from Seller the maximum day volumes set forth in Section 1 of this Article V at a high load factor estimated at approximately eighty percent (80%) and the Buyer shall purchase and receive from Seller or pay for (in accordance with Section 3 of this Article V) the Seller's interest in an annual volume of gas equal to Ninety percent (90%) of the total annual volume of gas purchased from Alberta fields (exclusive of deficiency volumes purchased pursuant to Section 3 of this Article V) multiplied by the maximum day volume obligation in effect from time to time and divided by the total maximum day obligation





of all Sellers under contract to Buyer producing gas from Alberta fields, PROVIDED HOWEVER that the volume of gas from the Whitelaw field which Buyer shall receive or pay for during any year shall not be less than 263 times the maximum day volume obligation in effect from time to time (exclusive of deficiency volumes pursuant to Section 3 of this Article V) subject to other terms of this contract.

3. Make up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January First of each year, in the event the total volume of gas purchased by Buyer from Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed by law, be less than a volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of gas not so purchased by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding calendar year in addition to their obligation in the current period and paid for at the price or prices applicable to the date or dates when such gas shall be delivered, and any such deficiency volume of gas not so accepted and purchased during such succeeding calendar year shall be paid for by Buyer at the end of such succeeding calendar year at the price provided in this contract applicable to the volume of gas delivered on the last day of the calendar year in which the deficiency occurred. Such deficiency volume of gas accepted and purchased by Buyer during any such succeeding calendar year to make up deficiencies in purchases during the preceding calendar year shall not be deemed to be a part of the annual volume of gas required to be accepted and purchased by Buyer hereunder during such succeeding calendar year, PROVIDED HOWEVER that the Seller shall not be required to deliver gas at daily rates in excess of the maximum daily rate in effect as specified in Section 1 of this Article V.



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ARTICLE VI

PRICE

1. Price Schedule:

Subject to the adjustment hereinafter provided for, the Buyer agrees to pay to the Seller for all gas delivered or contracted to be delivered hereunder the base price as follows:

	<u>Per Mcf</u> <u>Cents</u>
For the period following the first delivery of gas to January 1, 1958	6¢
For the next ensuing five (5) years	10¢
For the sixth and seventh years	10¼¢
For the eighth and ninth years	10½¢
For the tenth and eleventh years	10¾¢
For the twelfth and thirteenth years	11¢
For the fourteenth and fifteenth years	11¼¢
For the sixteenth and seventeenth years	11½¢
For the eighteenth and nineteenth years	11¾¢
For the twentieth year	12¢

2. Volume Adjustment:

For each month after January 1, 1958, during which the maximum billing demand billed to its customers by Westcoast Transmission Company Limited is less than 460,000 Mcf per day, the prices set forth in paragraph 1 of this Article VI shall be reduced as follows:-

<u>Average Monthly Maximum Day:</u>	<u>Adjustment</u> <u>Per Mcf - Cents</u>
Less than 460,000 but equal to or more than 425,000	½¢
Less than 425,000 but equal to or more than 400,000	¾¢
Less than 400,000 but equal to or more than 375,000	1¼¢
Less than 375,000 but equal to or more than 350,000	2¼¢
Less than 350,000 but equal to or more than 325,000	3¼¢
Less than 325,000 but equal to or more than 300,000	3¾¢
Less than 300,000 but equal to or more than 250,000	4 ¢

3. Price after Twenty Years:

On or before the First day of January in the Twentieth (20)



calendar year referred to in Section 1 hereof, the Seller and the Buyer shall consult together to determine by mutual agreement the price or prices to be paid by the Buyer to the Seller for gas delivered by the Seller to the Buyer after the expiration of the total period of Twenty (20) years referred to in Section 1 hereof. In the event the Seller and the Buyer are unable to mutually agree upon the said price or prices, then the Buyer shall pay to the Seller the price or prices in effect in the said Twentieth (20th) calendar year for all gas delivered hereunder after the expiration of the Twentieth (20th) year, SUBJECT HOWEVER, to the right of the Seller, at any time after the expiration of the said Twentieth (20th) calendar year to terminate this contract upon Six (6) months' notice in writing to the Buyer.

4. Currency:

- (a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States Currency as published at Twelve o'clock (12:00) noon Eastern Standard Time or Eastern Daylight Time, as the case may be, by The Bank of Montreal, The Royal Bank of Canada and The Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five (105) United States Cents or not less than Ninety-five (95) United States Cents for One (1) Canadian Dollar, then the total quantity of gas delivered by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.
- (b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for United States currency is:
  - (i) In excess of One Hundred and Five (105) United States Cents and is not more than One Hundred and Ten (110) United States Cents for One (1) Canadian Dollar; or
  - (ii) Less than Ninety-five (95) United States Cents but not less than Ninety (90) United States Cents for One (1) Canadian Dollar;

then the total quantity of gas delivered by the Seller to the Buyer in each such month, subject to the provisions of sub-section (e) of this Section 4, shall be considered sold and purchased at the price in Canadian currency calculated as follows:





LET:           Pc   Price payable in Canadian currency during the month

              C    the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in Canada;

              US   the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in the United States;

              P    price in the contract;

              E    the average daily selling rate for Canadian currency in United States currency during such month determined in accordance with the provisions of paragraph (a) above;

THEN:           In the case of (i)

$$Pc = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{105}{E} \right)$$

In the case of (ii):

$$Pc = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{95}{E} \right)$$

- (c)   In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for non-consecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for gas delivered hereunder during such periods of time shall be adjusted in accordance with the formula set forth in subsection (b) of this Section 4.
- (d)   In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for at least three (3) consecutive monthly periods, then the price payable by the Buyer to the Seller as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail shall be renegotiated between the Buyer and the Seller, PROVIDED HOWEVER that pending completion of such renegotiation the price payable by the Buyer to the Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive to the monthly periods during which the daily average selling rate for Canadian currency in United States currency exceeded One Hundred and Ten (110) United States Cents or was less than Ninety (90) United States Cents for One (1) Canadian Dollar, and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price





within six months then Seller may upon three (3) months' written notice to Buyer terminate this contract.

- (e) In no event shall the value of "Pc" as calculated under the provisions of subsections (b), (c) and (d), (for the period pending negotiation as provided therein), of this Section 4 exceed or be less than the value of "P", as the case may be, by more than One (1) Cent per Mcf of gas delivered hereunder.

5. Price Accuracy:

All calculations with respect to the price of gas shall be carried to the nearest One-hundredth of a cent.

ARTICLE VII

TAXES

1. Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon or in respect of the gas delivered hereunder up to the point of delivery of the gas to Buyer. All increases in such present gross production taxes, severance taxes and excise taxes upon or in respect of the gas delivered hereunder of the production, transportation or handling thereof up to the point of delivery of the gas to Buyer and any tax on the pipelines in the Seller's gathering system required to be paid by Seller, shall be borne three-quarters ( $\frac{3}{4}$ ) by the Buyer and one-quarter ( $\frac{1}{4}$ ) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.

ARTICLE VIII

DELIVERY POINTS AND PRESSURE

1. Delivery Points:

The point of delivery for all gas delivered hereunder shall be at



the outlet of the meter stations to be installed and operated by the Seller at a location to be mutually agreed upon by the Seller and the Buyer in the vicinity of the Whitelaw field.

2. Delivery Pressure:

All gas sold and purchased hereunder shall be delivered at the delivery point in each of the said fields from which deliveries are taken at a pressure not exceeding Nine Hundred and Seventy-five (975) pounds per square inch gauge, and not less than Five Hundred (500) pounds per square inch gauge for the first Four (4) years of deliveries hereunder. Thereafter the Buyer will accept deliveries of gas at less than Five Hundred (500) pounds per square inch gauge but not less than One Hundred (100) pounds per square inch gauge, PROVIDED HOWEVER that in respect to gas delivered at less than Two Hundred and Fifty (250) pounds per square inch gauge the Buyer shall deduct by way of allowance for compression costs the sum of three-quarter Cents ( $\frac{3}{4}$ ) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, PROVIDED HOWEVER that in the event that gas from any field can be made available for delivery at pressure less than One Hundred (100) pounds per square inch gauge, the Seller and the Buyer will consult together for the purpose of determining the terms and conditions upon which the Buyer will accept delivery of such gas taking into consideration the cost of compression to make such gas available to the Pipeline.

ARTICLE IX

QUALITY

All gas delivered by Seller to Buyer shall conform with the following specifications:



1. Specifications:

The gas delivered hereunder shall be natural gas and shall conform to the specifications set forth under Sections 2 to 7 inclusive of this Article IX.

2. Odors and Solids:

The gas shall be commercially free from objectionable odors, solid matter, dust, gums and gum-forming constituents which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances which it flows.

3. Oxygen:

The gas shall not at any time have an oxygen content in excess of One Percent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

4. Liquids:

The gas shall be free of water and hydrocarbons in liquid form. The gas shall not contain water vapor in excess of Three (3) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate gas to a dewpoint less than Zero Degrees Fahrenheit (0° F.). The gas shall not contain liquefiable hydrocarbon content (pentanes and heavier) in excess of Two Hundred (200) United States gallons per million cubic feet, PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater liquefiable hydrocarbon content for such period or periods as Buyer may prescribe from time to time.

5. Hydrogen Sulphide:

The gas shall not contain more than One (1) grain of hydrogen





sulphide per One Hundred (100) cubic feet. PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater hydrogen sulphide content for such period or periods as Buyer may prescribe from time to time.

6. Total Sulphur:

The gas shall not contain more than Twenty (20) grains of total sulphur (hydrogen sulphide and mercaptan sulphur) per One Hundred (100) cubic feet.

7. Heating Value:

The gas shall have a total heating value per cubic foot of not less than Nine Hundred and Fifty (950) nor more than Eleven Hundred and Twenty-five (1125) British Thermal Units, PROVIDED HOWEVER, that the Buyer may at the Buyer's sole discretion accept gas with a higher or lower heating value for such period or periods as the Buyer may prescribe from time to time.

ARTICLE X

MEASUREMENT

1. Unit of Volume:

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be One (1) cubic foot at an absolute pressure of Fifteen and Twenty-five Thousandths (15.025) pounds per square inch at a temperature of Sixty Degrees Fahrenheit (60° F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas





Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted Report.

3. Deviation from Boyle's Law:

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of Six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volume of gas delivered hereunder during the Six (6) calendar months next following the taking of the sample from which such determination is made.

4. Specific Gravity:

The specific gravity of the gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A at the beginning of delivery and thereafter as frequently as is found expedient in practice at the respective points where the gas is metered hereunder, and the results of the determination at each such point shall be used in computing the volumes of gas metered at such point.

5. Flowing Temperature:

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and



the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.

6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be Thirteen and Four Tenth (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.

ARTICLE XI

MEASURING EQUIPMENT

1. Seller's Measuring Station:

Seller shall install, maintain and operate at its own expense equipment required for the measurement of the volumes, temperatures and heating value of all gas delivered hereunder at the place of delivery. Buyer shall have access to the measuring equipment of the Seller at all reasonable hours, but the calibrating and adjusting of the measuring equipment and the changing of charts shall be done only by the Seller.

2. Check Measuring Equipment:

Buyer may install, maintain and operate at its own expense check measuring equipment as desired providing that such equipment shall be so installed as to not interfere with the operation of the Seller's measuring equipment at or near the point of delivery.

3. Right to be Present:



The Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating, or adjusting, done in connection with the measuring equipment used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.

4. Calibration and Test of Meters:

The accuracy of the measuring equipment at the point of delivery shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering substantially correct, the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than Two Percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding Two Percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of Fifteen (15) days.

5. Correction of Metering Errors:

In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered through the period such measuring







equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available using the first of the following methods which is feasible:

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during preceding periods under similar condition when the meter was registering accurately.

6. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least Six (6) years all test data, charts, and other records of gas measurements.

ARTICLE XII

STATEMENTS AND PAYMENTS

1. Seller or its nominee shall render to Buyer on or before the Fifteenth (15th) day of each calendar month a statement for all gas delivered to Buyer hereunder during the preceding calendar month and payment for such gas shall be made by Buyer to Seller on or before the Twenty-fifth (25th) day of the month during which such statement is rendered. All payments accruing to the Seller hereunder shall be made to Shell Oil Company. The Seller may, from time to time, designate another person, firm or corporation to accept payments hereunder, such designation to be in writing, and from and after receipt by the Buyer of such new designation, the Buyer shall thereafter make such payments to such person, firm or corporation.



ARTICLE XIII

ESTIMATES OF REQUIREMENTS

1. In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimates of requirements of gas during each of the following Six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

ARTICLE XIV

POSSESSION OF GAS

1. Point of Delivery Controls:

As between the parties under this agreement, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

2. Responsibility:

Buyer shall have no responsibility with respect to any gas deliverable under the terms of this agreement until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery, and Seller shall have no responsibility with respect to such gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery.

ARTICLE XV

WARRANTY AND TITLE OF GAS

1. The Seller warrants generally the title to all gas delivered to



the Buyer hereunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.

ARTICLE XVI

FORCE MAJEURE

No failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any act of God, strikes, lock-outs, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary failure of gas supply because of freezing of wells or delivery facilities or hydrate obstructions of lines of pipe, inability to obtain pipe, materials or equipment, the binding order of any Court or Governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; PROVIDED that no cause or contingency shall relieve Buyer of its obligation to make payments due hereunder.

ARTICLE XVII

MISCELLANEOUS

1. Non-Waiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.





2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:

Seller: SHELL OIL COMPANY,  
610 - 8th Avenue West,  
Calgary, Alberta.

Buyer: WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.,  
7th Floor, Pacific Building,  
Calgary, Alberta.

or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment:

Neither party hereto shall assign this Agreement or any of its





rights or obligations hereunder without the consent in writing of the other party; PROVIDED that Seller may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all of its interest in the Leases in the lands comprised in Schedule "A" hereto, and Buyer may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system of Buyer. The provisions of this Section 5 shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

6. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. Provincial Laws:

This Agreement shall be construed in accordance with the laws of the Province of Alberta.

8. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify, and which should not in the reasonable opinion of the Seller be withheld as confidential.

ARTICLE XVIII

ARBITRATION

1. If any dispute arises between the parties to the contract relating



to matters in connection with the interpretation or construction of the provisions hereof, such dispute shall be settled by arbitration in the following manner, that is to say:-

Within Twenty (20) days after the written request of either party hereto for arbitration, the parties hereto shall agree upon and appoint one arbitrator. In case the parties shall fail to name an arbitrator within Twenty (20) days after the written request of any party for arbitration, application for the appointment of an arbitrator shall be made within Ten (10) days after the expiration of such Twenty (20) day period to any Judge of the Supreme Court of Alberta. The arbitrator so selected shall have all the powers given by The Arbitration Act, being Chapter III, Revised Statutes of Alberta, 1942, or any Act in amendment or in substitution therefor. The decision of the sole arbitrator selected as above shall be final and binding on the parties hereto.

#### ARTICLE XIX

#### FAVOURABLE NATIONS

1. In the event the Buyer or Westcoast Transmission Company Limited shall enter into any contracts for the purchase of gas with any producer or producers of gas, and actually take delivery of and pay for gas within the Peace River Area of the Province of Alberta during the period of this contract upon terms more favourable to such producer or producers than the terms hereof, Seller shall have the right upon notice in writing to the Buyer to have this contract modified so as to make applicable to the sale and purchase of gas hereunder such more favourable terms as are contained in the said contracts



with said producer or producers. The Buyer shall forthwith upon completion of any contracts with any producer or producers of gas as aforesaid, serve upon the Seller a true copy of each such contract.

IN WITNESS WHEREOF the parties hereto have hereunto caused their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.

SIGNED, SEALED AND DELIVERED )

SHELL OIL COMPANY

Per: \_\_\_\_\_

WESTCOAST TRANSMISSION COMPANY (ALBERTA)  
LTD.

Per: \_\_\_\_\_





TO

Westcoast Transmission Company Limited does hereby consent to the execution of the within Agreement by Westcoast Transmission Company (Alberta) Ltd., and does hereby approve the terms thereof.

In consideration of your Company entering into the said Agreement, Westcoast Transmission Company Limited does hereby covenant and agree with your Company, its successors and assigns, that if default should at any time be made by Westcoast Transmission Company (Alberta) Ltd., its successors and assigns, in payment of any moneys which shall hereafter be due to your Company in accordance with the terms of the said Agreement, or the due observance and performance of any term and condition of the said Agreement to be observed and performed by it, then Westcoast Transmission Company Limited will forthwith pay all such moneys due and payable to your Company and will perform and carry out or cause to be performed and carried out each and every term and condition of the said Agreement in accordance with the purpose and intent thereof.

It shall not be necessary for your Company to notify Westcoast Transmission Company Limited of the occurrence of any such default.

This guarantee shall be a continuing guarantee and is to remain in force concurrently with the terms of the said agreement.

DATED at the City of Calgary, in the Province of Alberta, this \_\_\_\_\_ day of \_\_\_\_\_, A. D. 1955.

WESTCOAST TRANSMISSION COMPANY LIMITED

By \_\_\_\_\_  
\_\_\_\_\_

The first of these is the fact that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable. The second is that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable. The third is that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable.

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Schedule "A" to the Gas Purchase Agreement made between Shell Oil Company as Seller of the First Part, and Westcoast Transmission Company (Alberta) Ltd. as Buyer of the Second Part, dated the 9th day of March, A. D. 1955.

Whitelaw Area (Alberta).

1. Lands as to which natural gas rights in the Gething, Jurassic and Triassic Zones only are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of a Provincial Natural Gas Lease.

Township 81, Range 1, West of the 6th Meridian

All Sections 17, 18, 19, 20, 29, 30, 31 and 32

5,120 acres more or less

Township 81, Range 2, West of the 6th Meridian

All Sections 13, 24, 25, 26, 34, 35 and 36

4,480 acres more or less

Township 82, Range 2, West of the 6th Meridian

All Sections 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23 and 24

10,880 acres more or less

2. Lands as to which natural gas rights in the Gething Zone only are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of a Provincial Natural Gas Lease.

Township 82, Range 2, West of the 6th Meridian

All Sections 7, 8, 17, 18, 19, and 20

3,840 acres more or less



3. Lands as to which all natural gas rights except those in the Cething, Jurassic and Triassic Zones are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of Provincial Petroleum and Natural Gas Leases.

Township 81, Range 1, West of the 6th Meridian

All Sections 19, 20, 29, 30, 31 and 32

3,840 acres more or less

Township 81, Range 2, West of the 6th Meridian

$W\frac{1}{2}$  Sec. 13, Secs. 14 and 15,  $E\frac{1}{2}$  Sec. 16,  $E\frac{1}{2}$  Sec. 24,  $E\frac{1}{2}$  Sec. 25,  $W\frac{1}{2}$  Sec. 28, Secs. 29, 30, 31 and 32,  $W\frac{1}{2}$  Sec. 33,  $E\frac{1}{2}$  Sec. 36.

6,080 acres more or less

Township 82, Range 2, West of the 6th Meridian

$W\frac{1}{2}$  Sec. 1, Secs. 2 and 3,  $E\frac{1}{2}$  Sec. 4,  $E\frac{1}{2}$  Sec. 9, Secs. 10 and 11,  $W\frac{1}{2}$  Sec. 12,  $W\frac{1}{2}$  Sec. 13, Secs. 14 and 15,  $E\frac{1}{2}$  Sec. 16, Secs. 19 and 20,  $W\frac{1}{2}$  Sec. 21,  $E\frac{1}{2}$  Sec. 24.

7,680 acres more or less

4. Lands as to which all natural gas rights are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited, under Provincial Petroleum and Natural Gas Leases.

Township 81, Range 1, West of the 6th Meridian

$NW\frac{1}{4}$  Sec. 1,  $NE\frac{1}{4}$  Sec. 2,  $W\frac{1}{2}$  Sec. 3, All Secs. 4 and 9,  $W\frac{1}{2}$  Sec. 10,  $W\frac{1}{2}$  Sec. 13, All Sec. 14,  $E\frac{1}{2}$  Sec. 15,  $W\frac{1}{2}$  Sec. 21,  $E\frac{1}{2}$  Sec. 22, All Sec. 23,  $W\frac{1}{2}$  and  $NE\frac{1}{4}$  Sec. 24,  $S\frac{1}{2}$  Sec. 25, All Sec. 26,  $E\frac{1}{2}$  Sec. 27,  $W\frac{1}{2}$  Sec. 33.

6,880 acres more or less





Township 82, Range 1, West of the 6th Meridian

W $\frac{1}{2}$  Sec. 13, all Sec. 14, E $\frac{1}{2}$  Sec. 15, all Sec. 19,  
NW $\frac{1}{4}$  and S $\frac{1}{2}$  Sec. 20, W $\frac{1}{2}$  Sec. 21, E $\frac{1}{2}$  Sec. 22, all  
Secs. 23, 25 and 26, E $\frac{1}{2}$  Sec. 27, W $\frac{1}{2}$  Sec. 28, all Sec.  
29, W $\frac{1}{2}$  and NE $\frac{1}{4}$  Sec. 30, SE $\frac{1}{4}$  Sec. 31, all Sec. 32,  
W $\frac{1}{2}$  Sec. 33.

7,840 acres more or less

Township 83, Range 1, West of the 6th Meridian

SW $\frac{1}{4}$  Sec. 1, all Secs. 2 and 3, E $\frac{1}{2}$  Sec. 4, SW $\frac{1}{4}$  Sec. 8,  
E $\frac{1}{2}$  Sec. 9, all Secs. 10 and 11, NW $\frac{1}{4}$  Sec. 12, SW $\frac{1}{4}$  Sec.  
13, S $\frac{1}{2}$  Sec. 14, S $\frac{1}{2}$  Sec. 15, SE $\frac{1}{4}$  and NW $\frac{1}{4}$  Sec. 16, N $\frac{1}{2}$  Sec.  
17, NE $\frac{1}{4}$  Sec. 18, E $\frac{1}{2}$  Sec. 19, all Sec. 20, W $\frac{1}{2}$  Sec. 21,  
NE $\frac{1}{4}$  Sec. 22, N $\frac{1}{2}$  Sec. 23, NW $\frac{1}{4}$  Sec. 24, W $\frac{1}{2}$  Sec. 25, all  
Sec. 26, E $\frac{1}{2}$  Sec. 27, W $\frac{1}{2}$  Sec. 28, all Sec. 29, E $\frac{1}{2}$  Sec.  
30, SE $\frac{1}{4}$  Sec. 31, S $\frac{1}{2}$  Sec. 32, SW $\frac{1}{4}$  Sec. 33, SE $\frac{1}{4}$  Sec. 34,  
S $\frac{1}{2}$  Sec. 35, SW $\frac{1}{4}$  Sec. 36.

11,040 acres more or less

Township 83, Range 2, West of the 6th Meridian

W $\frac{1}{2}$  Sec. 1, all Secs. 2 and 3, E $\frac{1}{2}$  Sec. 4, all Sec. 7,  
W $\frac{1}{2}$  Sec. 8, E $\frac{1}{2}$  Sec. 9, all Secs. 10 and 11, W $\frac{1}{2}$  Sec. 12,  
W $\frac{1}{2}$  Sec. 13, all Secs. 14 and 15, E $\frac{1}{2}$  Sec. 16, W $\frac{1}{2}$  Sec. 17,  
all Sec. 18, S $\frac{1}{2}$  & NE $\frac{1}{4}$  Sec. 19, W $\frac{1}{2}$  Sec. 20, W $\frac{1}{2}$  Sec. 26,  
all Secs. 27 and 28, E $\frac{1}{2}$  Sec. 29, SE $\frac{1}{4}$  Sec. 32, S $\frac{1}{2}$  Sec. 33,  
S $\frac{1}{2}$  Sec. 34 and SW $\frac{1}{4}$  Sec. 35.

11,360 acres more or less

Township 83, Range 3, West of the 6th Meridian

All Secs. 8, 9, 10, 11, 14, 15, 16 and 17

5,120 acres more or less

Township 81, Range 2, West of the 6th Meridian

NW $\frac{1}{4}$  Sec. 1, N $\frac{1}{2}$  Sec. 2, N $\frac{1}{2}$  Sec. 3, NE $\frac{1}{4}$  Sec. 4, E $\frac{1}{2}$  Sec.  
9, Secs. 10 and 11, W $\frac{1}{2}$  Sec. 12.

2,880 acres more or less





Township 82, Range 2, West of the 6th Meridian

E $\frac{1}{2}$  Sec. 25, W $\frac{1}{2}$  Sec. 28, Secs. 29, 30, 31, and 32, W $\frac{1}{2}$  Sec. 33, E $\frac{1}{2}$  Sec. 36.

3,840 acres more or less

Township 81, Range 3, West of the 6th Meridian

N $\frac{1}{2}$  Sec. 5, NE $\frac{1}{4}$  Sec. 6, E $\frac{1}{2}$  Sec. 7, Secs. 8, 10, 11, 12, 13, 14, 15, 17, E $\frac{1}{2}$  Sec. 18, Secs. 22, 23, 24, 28 and 29, E $\frac{1}{2}$  Sec. 30, SE $\frac{1}{4}$  Sec. 31, S $\frac{1}{2}$  Sec. 32, S $\frac{1}{2}$  Sec. 33.

10,560 acres more or less

Township 82, Range 3, West of the 6th Meridian

All Sec. 1, E $\frac{1}{2}$  Sec. 2, E $\frac{1}{2}$  Sec. 11, Secs. 12, 13, 26, 27, 28, 29, 32, 33, 34 and 35.

7,680 acres more or less

5. Lands as to which all natural gas rights are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of Freehold Petroleum and Natural Gas Lease.

Township 81, Range 3, West of the 6th Meridian

Fr. N $\frac{1}{2}$  Sec. 31, Fr. N $\frac{1}{2}$  Sec. 32, Fr. NW $\frac{1}{4}$  Sec. 33, Fr. N $\frac{1}{2}$  Sec. 34

Township 81, Range 4, West of the 6th Meridian

Fr. N $\frac{1}{2}$  Sec. 35, Fr. N $\frac{1}{2}$  Sec. 36

Township 82, Range 3, West of the 6th Meridian

All Sec. 3, SW $\frac{1}{4}$  Sec. 4, S $\frac{1}{2}$  & Fr. N $\frac{1}{2}$  Sec. 5, N $\frac{1}{2}$  and SW $\frac{1}{4}$  Sec. 6, S $\frac{1}{2}$  and NE $\frac{1}{4}$  Sec. 7, all Secs. 8, 9, and 10, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec 15, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec. 16, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec. 17, S $\frac{1}{2}$  Sec. 18.

Township 82, Range 4, West of the 6th Meridian

All of Secs. 1, 2 and 11, W $\frac{1}{2}$  Sec. 12, SW $\frac{1}{4}$  Sec. 13, E $\frac{1}{2}$  and NW $\frac{1}{4}$  Sec. 14, W $\frac{1}{2}$  and NE $\frac{1}{4}$  Sec. 23, SE $\frac{1}{4}$  and NW $\frac{1}{4}$  Sec. 25, W $\frac{1}{2}$  and Fr. E $\frac{1}{2}$  Sec. 26, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec. 36.

11,770 acres more or less







THIS AGREEMENT made this 14th day of April A.D. 1955,

BETWEEN:

THE BRITISH AMERICAN OIL COMPANY LIMITED,  
a body corporate with an office at the City of  
Calgary, in the Province of Alberta, (hereinafter  
called the "Seller")

OF THE FIRST PART,

- and -

WESTCOAST TRANSMISSION COMPANY (ALBERTA)  
LTD., a body corporate with head office at the City  
of Calgary, in the Province of Alberta, (hereinafter  
called the "Buyer")

OF THE SECOND PART.

WHEREAS the Buyer represents that it proposes to construct and operate a natural gas gathering system for the purpose of gathering the gas produced in fields in the Peace River area of Alberta to be sold and delivered by the Buyer to Westcoast Transmission Company Limited at a point approximately three (3) miles east of the British Columbia border; and

WHEREAS Westcoast Transmission Company Limited proposes to construct and operate a natural gas transmission line for the transmission of gas from the gas fields in northern British Columbia and northern Alberta, including gas to be sold by the Seller to the Buyer hereunder, to a point on the International Boundary between the Province of British Columbia and the State of Washington, near Sumas, Washington, where the said pipeline will connect with facilities to be constructed by Pacific Northwest Pipeline Corporation, the said pipeline to serve customers in British Columbia en route; and

WHEREAS the Seller is the owner of an undivided Fifty Percent (50%) interest in and to the natural gas rights in and under the lands described in Schedule "A" hereto attached and by reference made a part hereof; and





WHEREAS the Seller's exploratory operations to date have not delineated the field underlying the said lands or provided the information required to ascertain the ultimate extent of the reserves of gas available therefrom; and

WHEREAS the Seller is desirous of obtaining a market for the gas which may be produced from the said lands and is desirous of making available to the Buyer the gas reserves underlying the said lands subject to the reservations and the terms and conditions hereinafter set out,

WITNESSETH that in consideration of the mutual covenants hereinafter set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the parties hereto as follows:

1. Unless a meeting is held at an earlier date as hereinafter provided, the Seller and the Buyer shall begin consultations not later than the First day of January, A.D. 1959, for the purpose of entering into a gas purchase agreement substantially in accordance with the form of agreement hereto attached and marked Schedule "B", providing for the sale and delivery by the Seller to the Buyer and the purchase by the Buyer of the Seller's interest in and to the volumes of natural gas available for sale to the Buyer from the lands described in Schedule "A" in the volumes and at the price or prices to be mutually determined by the Buyer and the Seller (PROVIDED that the price of gas to be agreed upon shall not be less than the price set out in Article VI of Schedule "B").

2. In the event that at any time prior to the First day of January, A.D. 1959:

- (i) The Seller notifies the Buyer in writing that it desires to commence consultations with the Buyer; or
- (ii) The Buyer notifies the Seller in writing that at a date beginning twelve (12) months after receipt of such notice by the Seller, the Buyer is willing to pay to the Seller a minimum price of 10¢ per Mcf;

then the consultations for the purpose above described shall forthwith be commenced.



3. It is expressly understood and agreed:
- a. That any volumes of gas which may be made available to the Buyer from the said lands shall be surplus to any requirements of Northland Utilities Limited, being the local utility obtaining its supplies of gas for local distribution from the said lands and to the requirements of other local markets.
  - b. That the Seller will make available to the Buyer such volumes of gas as in the opinion of the Seller and the Buyer may be economically produced, gathered and treated on the said lands described in Schedule "A" having regard to the cost of drilling for, gathering, treating, and transporting to the main line of the Buyer, the said gas at the time of execution and during the life of the contract to be entered into.
  - c. The Buyer shall forthwith upon determination by the Buyer and the Seller of the volumes of gas to be sold and purchased, commence and thereafter continue with due diligence, the construction of a lateral line and all other facilities which may be necessary to take delivery from the Seller of such gas.
  - d. The interest of the Seller in the gas in and under the lands described in the said Schedule "A" shall be and remain dedicated to the service of the markets of the Buyer's system from the date hereof up to the First day of January, A.D. 1960, subject to and in accordance with the terms of this Agreement.

4. Upon the happening of any one of the following contingencies, to wit:

- a. The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States, containing terms and conditions satisfactory to such customer or customers;
- b. The failure of the Seller and the Buyer to mutually agree upon the terms and conditions of the said Gas Purchase Agreement in accordance with the provisions hereof on or before the expiration of Ninety (90) days from the date of the first consultations held between the Buyer and the Seller as herein provided;
- c. The failure of the Seller and the Buyer to execute the said Gas Purchase Agreement within one hundred and eighty (180) days from the date of the first consultations held between the Buyer and the Seller as herein provided;

either the Seller or the Buyer shall have the right to terminate this Agreement by written notice to the other party.



The first part of the report deals with the general situation of the country and the progress of the work during the year.

The second part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work in the field of the study of the history of the country, and the second section deals with the results of the work in the field of the study of the history of the people of the country.

The third part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work in the field of the study of the history of the country, and the second section deals with the results of the work in the field of the study of the history of the people of the country.

The fourth part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work in the field of the study of the history of the country, and the second section deals with the results of the work in the field of the study of the history of the people of the country.

The fifth part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work in the field of the study of the history of the country, and the second section deals with the results of the work in the field of the study of the history of the people of the country.

The sixth part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work in the field of the study of the history of the country, and the second section deals with the results of the work in the field of the study of the history of the people of the country.

The seventh part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work in the field of the study of the history of the country, and the second section deals with the results of the work in the field of the study of the history of the people of the country.

The eighth part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work in the field of the study of the history of the country, and the second section deals with the results of the work in the field of the study of the history of the people of the country.



5. In the event Westcoast Transmission Company Limited fails to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956, the Seller shall have the right to terminate this Agreement by written notice to the Buyer.

IN WITNESS WHEREOF the parties have hereunto caused their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, the day and year first above written.

THE BRITISH AMERICAN OIL COMPANY LIMITED,

"O.I. Torkelson"

Vice President

"E.J. Carter"

(Seal)

Asst. Sec'y

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.

"D.P. McDonald"

(Seal)

"Chas. R. Hetherington"





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Schedule "A" to the Gas Purchase Agreement made between  
The British American Oil Company Limited as Seller of the  
First Part, and Westcoast Transmission Company (Alberta) Ltd.  
as Buyer of the Second Part, dated the \_\_\_\_\_ day of  
\_\_\_\_\_, A.D. 1955.

WhiteIaw Area (Alberta)

1. Lands as to which natural gas rights in the Gething, Jurassic and Triassic Zones only are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of a Provincial Natural Gas Lease.

Township 81, Range 1, West of the 6th Meridian

All Sections 17, 18, 19, 20, 29, 30, 31 and 32

5,120 acres more or less

Township 81, Range 2, West of the 6th Meridian

All Sections 13, 24, 25, 26, 34, 35 and 36

4,480 acres more or less

Township 82, Range 2, West of the 6th Meridian

All Sections 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14, 15, 16, 21,  
22, 23 and 24

10,880 acres more or less

2. Lands as to which natural gas rights in the Gething Zone only are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of a Provincial Natural Gas Lease.

Township 82, Range 2, West of the 6th Meridian

All Sections 7, 8, 17, 18, 19 and 20

3,840 acres more or less

Identified as Schedule "A" of Agreement between The British American Oil Company Limited and Westcoast Transmission Company (Alberta) Ltd. dated April 14, 1955.

\_\_\_\_\_  
"D. P. McDonald"

\_\_\_\_\_  
"O. I. Torkelsen"

\_\_\_\_\_  
"E. J. Carter"



THE UNIVERSITY OF CHICAGO  
DIVISION OF THE PHYSICAL SCIENCES  
DEPARTMENT OF CHEMISTRY

RESEARCH REPORT

ON THE KINETICS OF THE REACTION OF  
HYDROGEN PEROXIDE WITH  
SODIUM HYDROGEN SULFATE

BY  
J. H. KILPATRICK AND  
J. E. BAKER

DEPARTMENT OF CHEMISTRY

UNIVERSITY OF CHICAGO  
CHICAGO, ILLINOIS

1955

RECEIVED BY THE  
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DIVISION OF THE PHYSICAL SCIENCES  
JANUARY 10, 1956

REPORT NO. 10

THIS REPORT IS ONE OF A SERIES OF  
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UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS  
1956

1956

THE UNIVERSITY OF CHICAGO PRESS  
54 EAST LAKE STREET  
CHICAGO, ILLINOIS 60601

1956

1956

3. Lands as to which all natural gas rights except those in the Cething, Jurassic and Triassic Zones are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of Provincial Petroleum and Natural Gas Leases.

Township 81, Range 1, West of the 6th Meridian

All Sections 19, 20, 29, 30, 31 and 32

3,840 acres more or less

Township 81, Range 2, West of the 6th Meridian

$W\frac{1}{2}$  Sec. 13, Secs. 14 and 15,  $E\frac{1}{2}$  Sec. 16,  $E\frac{1}{2}$  Sec. 24,  $E\frac{1}{2}$  Sec. 25,  $W\frac{1}{2}$  Sec. 28, Secs. 29, 30, 31 and 32,  $W\frac{1}{2}$  Sec. 33,  $E\frac{1}{2}$  Sec. 36.

6,080 acres more or less

Township 82, Range 2, West of the 6th Meridian

$W\frac{1}{2}$  Sec. 1, Secs. 2 and 3,  $E\frac{1}{2}$  Sec. 4,  $E\frac{1}{2}$  Sec. 9, Secs. 10 and 11,  $W\frac{1}{2}$  Sec. 12,  $W\frac{1}{2}$  Sec. 13, Secs. 14 and 15,  $E\frac{1}{2}$  Sec. 16, Secs. 19 and 20,  $W\frac{1}{2}$  Sec. 21,  $E\frac{1}{2}$  Sec. 24.

7,680 acres more or less

4. Lands as to which all natural gas rights are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited, under Provincial Petroleum and Natural Gas Leases.

Township 81, Range 1, West of the 6th Meridian

$NW\frac{1}{4}$  Sec. 1,  $NE\frac{1}{4}$  Sec. 2,  $W\frac{1}{2}$  Sec. 3, All Secs. 4 and 9,  $W\frac{1}{2}$  Sec. 10,  $W\frac{1}{2}$  Sec. 13, All Sec. 14,  $E\frac{1}{2}$  Sec. 15,  $W\frac{1}{2}$  Sec. 21,  $E\frac{1}{2}$  Sec. 22, All Sec. 23,  $W\frac{1}{2}$  and  $NE\frac{1}{4}$  Sec. 24,  $S\frac{1}{2}$  Sec. 25, All Sec. 26,  $E\frac{1}{2}$  Sec. 27,  $W\frac{1}{2}$  Sec. 33.

6,880 acres more or less



Township 82, Range 1, West of the 6th Meridian

W $\frac{1}{2}$  Sec. 13, all Sec. 14, E $\frac{1}{2}$  Sec. 15, all Sec. 19,  
NW $\frac{1}{4}$  and S $\frac{1}{2}$  Sec. 20, W $\frac{1}{2}$  Sec. 21, E $\frac{1}{2}$  Sec. 22, all  
Secs. 23, 25 and 26, E $\frac{1}{2}$  Sec. 27, W $\frac{1}{2}$  Sec. 28, all Sec.  
29, W $\frac{1}{2}$  and NE $\frac{1}{4}$  Sec. 30, SE $\frac{1}{4}$  Sec. 31, all Sec. 32,  
W $\frac{1}{2}$  Sec. 33.

7,840 acres more or less

Township 83, Range 1, West of the 6th Meridian

SW $\frac{1}{4}$  Sec. 1, all Secs. 2 and 3, E $\frac{1}{2}$  Sec. 4, SW $\frac{1}{4}$  Sec. 8,  
E $\frac{1}{2}$  Sec. 9, all Secs. 10 and 11, NW $\frac{1}{4}$  Sec. 12, SW $\frac{1}{4}$  Sec.  
13, S $\frac{1}{2}$  Sec. 14, S $\frac{1}{2}$  Sec. 15, SE $\frac{1}{4}$  and NW $\frac{1}{4}$  Sec. 16, N $\frac{1}{2}$  Sec.  
17, NE $\frac{1}{4}$  Sec. 18, E $\frac{1}{2}$  Sec. 19, all Sec. 20, W $\frac{1}{2}$  Sec. 21,  
NE $\frac{1}{4}$  Sec. 22, N $\frac{1}{2}$  Sec. 23, NW $\frac{1}{4}$  Sec. 24, W $\frac{1}{2}$  Sec. 25, all  
Sec. 26, E $\frac{1}{2}$  Sec. 27, W $\frac{1}{2}$  Sec. 28, all Sec. 29, E $\frac{1}{2}$  Sec.  
30, SE $\frac{1}{4}$  Sec. 31, S $\frac{1}{2}$  Sec. 32, SW $\frac{1}{4}$  Sec. 33, SE $\frac{1}{4}$  Sec. 34,  
S $\frac{1}{2}$  Sec. 35, SW $\frac{1}{4}$  Sec. 36.

11,040 acres more or less

Township 83, Range 2, West of the 6th Meridian

W $\frac{1}{2}$  Sec. 1, all Secs. 2 and 3, E $\frac{1}{2}$  Sec. 4, all Sec. 7,  
W $\frac{1}{2}$  Sec. 8, E $\frac{1}{2}$  Sec. 9, all Secs. 10 and 11, W $\frac{1}{2}$  Sec. 12,  
W $\frac{1}{2}$  Sec. 13, all Secs. 14 and 15, E $\frac{1}{2}$  Sec. 16, W $\frac{1}{2}$  Sec. 17,  
all Sec. 18, S $\frac{1}{2}$  & NE $\frac{1}{4}$  Sec. 19, W $\frac{1}{2}$  Sec. 20, W $\frac{1}{2}$  Sec. 26,  
all Secs. 27 and 28, E $\frac{1}{2}$  Sec. 29, SE $\frac{1}{4}$  Sec. 32, S $\frac{1}{2}$  Sec. 33,  
S $\frac{1}{2}$  Sec. 34 and SW $\frac{1}{4}$  Sec. 35.

11,360 acres more or less

Township 83, Range 3, West of the 6th Meridian

All Secs. 8, 9, 10, 11, 14, 15, 16 and 17

5,120 acres more or less

Township 81, Range 2, West of the 6th Meridian

NW $\frac{1}{4}$  Sec. 1, N $\frac{1}{2}$  Sec. 2, N $\frac{1}{2}$  Sec. 3, NE $\frac{1}{4}$  Sec. 4, E $\frac{1}{2}$  Sec.  
9, Secs. 10 and 11, W $\frac{1}{2}$  Sec. 12.

2,880 acres more or less

1. The first part of the paper discusses the importance of the study of the history of the United States. It is argued that the study of history is essential for a full understanding of the present and for the development of a sense of national identity. The author points out that the study of history can help us to understand the causes of the problems we face today and to find ways to solve them. It can also help us to appreciate the achievements of our ancestors and to learn from their mistakes.

2. The second part of the paper discusses the role of the government in the development of the United States. It is argued that the government has played a crucial role in the development of the country, from the founding of the nation to the present. The author points out that the government has been responsible for the establishment of the Constitution, the creation of the federal system, and the development of the economy. It has also been responsible for the protection of the rights of citizens and the promotion of the general welfare.

3. The third part of the paper discusses the role of the individual in the development of the United States. It is argued that the individual has played a crucial role in the development of the country, from the founding of the nation to the present. The author points out that the individual has been responsible for the creation of the Constitution, the development of the federal system, and the promotion of the general welfare. It has also been responsible for the protection of the rights of citizens and the promotion of the general welfare.

4. The fourth part of the paper discusses the role of the future in the development of the United States. It is argued that the future is crucial for the development of the country, and that we must take steps to ensure that it is a bright and promising one. The author points out that we must continue to work for the improvement of our society, and that we must strive to create a better future for ourselves and for our children.

5. The fifth part of the paper discusses the role of the United States in the world. It is argued that the United States has a special responsibility to the world, and that we must work to promote peace and justice everywhere. The author points out that the United States has been a leader in the world, and that we must continue to be so. We must work to create a better world for all people, and we must strive to be a force for good in the world.

Township 82, Range 2, West of the 6th Meridian

E $\frac{1}{2}$  Sec. 25, W $\frac{1}{2}$  Sec. 28, Secs. 29, 30, 31, and 32, W $\frac{1}{2}$  Sec. 33, E $\frac{1}{2}$  Sec. 36.

3,840 acres more or less

Township 81, Range 3, West of the 6th Meridian

N $\frac{1}{2}$  Sec. 5, NE $\frac{1}{4}$  Sec. 6, E $\frac{1}{2}$  Sec. 7, Secs. 8, 10, 11, 12, 13, 14, 15, 17, E $\frac{1}{2}$  Sec. 18, Secs. 22, 23, 24, 28 and 29, E $\frac{1}{2}$  Sec. 30, SE $\frac{1}{4}$  Sec. 31, S $\frac{1}{2}$  Sec. 32, S $\frac{1}{2}$  Sec. 33.

10,560 acres more or less

Township 82, Range 3, West of the 6th Meridian

All Sec. 1, E $\frac{1}{2}$  Sec. 2, E $\frac{1}{2}$  Sec. 11, Secs. 12, 13, 26, 27, 28, 29, 32, 33, 34 and 35.

7,680 acres more or less

5. Lands as to which all natural gas rights are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of Freehold Petroleum and Natural Gas Lease.

Township 81, Range 3, West of the 6th Meridian

Fr. N $\frac{1}{2}$  Sec. 31, Fr. N $\frac{1}{2}$  Sec. 32, Fr. NW $\frac{1}{4}$  Sec. 33, Fr. N $\frac{1}{2}$  Sec. 34

Township 81, Range 4, West of the 6th Meridian

Fr. N $\frac{1}{2}$  Sec. 35, Fr. N $\frac{1}{2}$  Sec. 36

Township 82, Range 3, West of the 6th Meridian

All Sec. 3, SW $\frac{1}{4}$  Sec. 4, S $\frac{1}{2}$  & Fr. N $\frac{1}{2}$  Sec. 5, N $\frac{1}{2}$  and SW $\frac{1}{4}$  Sec. 6, S $\frac{1}{2}$  and NE $\frac{1}{4}$  Sec. 7, all Secs. 8, 9, and 10, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec 15, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec. 16, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec. 17, S $\frac{1}{2}$  Sec. 18.

Township 82, Range 4, West of the 6th Meridian

All of Secs. 1, 2 and 11, W $\frac{1}{2}$  Sec. 12, SW $\frac{1}{4}$  Sec. 13, E $\frac{1}{2}$  and NW $\frac{1}{4}$  Sec. 14, W $\frac{1}{2}$  and NE $\frac{1}{4}$  Sec. 23, SE $\frac{1}{4}$  and NW $\frac{1}{4}$  Sec. 25, W $\frac{1}{2}$  and Fr. E $\frac{1}{2}$  Sec. 26, S $\frac{1}{2}$  and Fr. N $\frac{1}{2}$  Sec. 36.

11,770 acres more or less





DATED:

A.D. 1955

BETWEEN:

THE BRITISH AMERICAN OIL COMPANY LIMITED

The "Seller" of the First Part,

- and -

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.

The "Buyer" of the Second Part.

---

GAS PURCHASE AGREEMENT

Re: Whitelaw - Alberta

---

Identified as Schedule "B" to Agreement between The British American Oil Company Limited and Westcoast Transmission Company (Alberta) Ltd. dated April 14, 1955.

"D. P. McDonald"

"O. I. Torkelsen"

"E. J. Carter"



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THIS AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_ A. D. 1955

B E T W E E N :

THE BRITISH AMERICAN OIL COMPANY LIMITED,  
a body corporate having an office at the  
City of Calgary, in the Province of Alberta,  
(hereinafter called the "Seller")

OF THE FIRST PART,

- and -

WESTCOAST TRANSMISSION COMPANY (ALBERTA)  
LTD., a body corporate with head office  
at the City of Calgary, in the Province  
of Alberta, (hereinafter called the "Buyer")

OF THE SECOND PART.

WITNESSETH that in consideration of the mutual covenants herein-  
after set forth, IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the  
parties hereto as follows:

#### ARTICLE I

#### REPRESENTATIONS

##### 1. Buyer's Representations:

The Buyer represents that it proposes to construct and operate  
a natural gas gathering system for the purpose of gathering the gas pro-  
duced in fields in the Peace River area of Alberta to be sold and delivered  
by the Buyer to Westcoast Transmission Company Limited at a point approxi-  
mately three (3) miles East of the British Columbia border. Westcoast  
Transmission Company Limited proposes to construct and operate a natural  
gas transmission line for the transmission of gas from the gas fields in  
northern Alberta including gas to be sold by the Seller to the Buyer  
hereunder, and northern British Columbia to a point on the International  
Boundary between the Province of British Columbia and the State of



Washington near Sumas, Washington, and serve customers in British Columbia en route. The Westcoast Transmission Company Limited will sell gas at a connection in the vicinity of Sumas to a pipeline system to be constructed to serve consumers in the Western United States.

2. Seller's Representations:

Seller represents that it owns or controls an interest in the natural gas rights in and under the lands described in Schedule "A" hereto attached and by reference made a part hereof, as therein more particularly described.

The Seller further represents that the Seller is willing, subject to the provisions of this contract, except as to gas reserved to the Seller as herein provided, to make available to the pipeline to be constructed by Buyer its gas produced from the said lands.

3. Buyer's Performance with Diligence:

The Buyer agreed to proceed with diligence with its endeavours to procure all Governmental authorities, permits and rights necessary for the construction and operation of its pipeline, and upon procuring the same to proceed with diligence with the construction of its said pipeline facilities. However, upon the happening of any one of the following contingencies, to wit:-

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A. D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the western United States containing terms and conditions satisfactory to such customer or customers;
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A. D. 1956;



- (c) The failure of the Buyer to complete the construction of its pipeline facilities in readiness to take delivery of gas hereunder from the Seller by the agreed upon date;

the Seller shall have the right to terminate this contract by written notice to be delivered to Buyer at any time after happening of any such contingency.

4. Seller's Performance with Diligence:

Seller agrees that it will be ready to deliver gas under this contract whenever the pipeline facilities of the Buyer are ready to receive the same, and that, subject to the other terms of this Agreement, it will drill such wells and install such facilities thereafter with diligence as needed for the performance of this contract. HOWEVER, upon the happening of any of the following contingencies, to wit:

- (a) The failure of the customer or customers of Westcoast Transmission Company Limited in the United States to procure from the Federal Power Commission, on or before the First day of December, A.D. 1955, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States, and a Presidential Permit authorizing construction by it or them of the facilities to import gas into the Western United States containing terms and conditions satisfactory to such customer or customers;
- (b) The failure of Westcoast Transmission Company Limited to commence the actual construction of its pipeline facilities on or before the First day of April, A.D. 1956, providing such failure is beyond its reasonable control;
- (c) The failure of the Seller to complete its facilities in readiness to deliver the gas hereunder to the Buyer on the agreed upon date;

the Buyer shall have the right to terminate this contract by written notice to be delivered to Seller at any time after the happening of any such contingency.

5. Non-Waiver of Remedies:

The right of the Seller or the Buyer, as the case may be, to terminate this contract upon the happening of any of the contingencies described







in Sections 3 and 4 of this Article I shall not exclude any rights and remedies such party may have by reason of the other party's failure to proceed with diligence as above provided.

## ARTICLE II

### TERM

1. Subject to prior termination under the provisions of Article I hereof, this Agreement shall become effective on the date hereof and shall remain in force and effect for a term of Twenty (20) years from the date gas is first delivered hereunder, or until January 1st, 1980, whichever shall first occur; PROVIDED HOWEVER, that this Agreement may be terminated at an earlier date if the volume of gas produced from the lands covered by the Leases is, in the Seller's judgment, unprofitable to the Seller, or if the volume of gas available from the Whitelaw Field, considering such volume and the cost of the lateral line to the Field (but not considering the volumes of gas which may then be available to the Buyer elsewhere) is, in the Buyer's judgment, no longer profitable to the Buyer.

## ARTICLE III

### DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this Agreement shall have the following meanings:

1. The term "day" shall mean a period of Twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A.M. Mountain Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A.M. on the First day of the calendar month and ending at Eight (8:00) A.M. on the First day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning January First and ending December Thirty-first.



4. The term "cubic foot" shall mean the volume of gas which occupies One (1) cubic foot when such gas is at a temperature of Sixty Degrees Fahrenheit ( $60^{\circ}$  F.) and at a pressure of Fifteen and Twenty-five Thousandths (15.025) pounds per square inch absolute.
5. The term "Mcf" shall mean One Thousand (1,000) cubic feet of gas.
6. The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of One (1) pound of water One Degree Fahrenheit ( $1^{\circ}$  F.) at Sixty Degrees Fahrenheit ( $60^{\circ}$  F.).
7. The term "total heating value" when applied to a cubic foot of gas, means the number of British Thermal Units produced by the combustion in a recording calorimeter at constant pressure, of the amount of gas which would occupy a volume of One (1) cubic foot at a temperature of Sixty Degrees Fahrenheit ( $60^{\circ}$  F.), if saturated with water vapour, and under a pressure equal to that of Thirty (30) inches of mercury at Thirty-two Degrees Fahrenheit ( $32^{\circ}$  F.) and under standard gravitational force (acceleration Nine Hundred and Eighty and Six Hundred and Sixty-five Thousandths (980.665) cm. per second per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.
8. The term "Buyer" shall mean Westcoast Transmission Company (Alberta) Ltd.
9. The term "Seller" shall mean The British American Oil Company Limited or its assignee.
10. The term "Lease" shall mean and include any document by virtue of which the Seller is entitled to own, drill for and produce



and sell gas from the lands described in the Schedule "A" hereto attached.

11. The term "Westcoast Transmission Company Limited" shall mean and include the Westcoast Transmission Company Limited, a body corporate incorporated by Act of Parliament of Canada, or its successors or assigns.
12. The term "natural gas" shall mean natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents.
13. The term "billing demand" shall mean the total of the contract demand under the terms of the contract made between Westcoast Transmission Company Limited and Pacific Northwest Pipeline Corporation dated December 11th, 1954, and the maximum quantity of gas delivered by Westcoast Transmission Company Limited to its customers in British Columbia on any one day during the twelve months ending with the billing month, exclusive however, of gas delivered by Westcoast Transmission Company Limited to its customers both in Canada and the United States on an interruptible basis, that is to say, subject to curtailment or interruption upon notice by Westcoast Transmission Company Limited whenever and to the extent that in the sole judgment of Westcoast Transmission Company Limited such curtailment or interruption is necessary.





ARTICLE IV

AVAILABILITY OF GAS

1. Gas Reserves under Contract:

The Seller represents that all the Leases covered by this contract may be subject to renewal from time to time as in the said Leases provided and the Seller is entitled to sell or dispose of its interest as described in Schedule "A" hereto attached in all gas produced from the lands covered thereby. Subject to the possibility of termination of this contract as herein provided and the other provisions hereof, Seller hereby agrees to maintain its interest in the said Leases in full force and effect and apply for renewals thereof from time to time and to sell and deliver to Buyer the volumes of gas to be sold and purchased in accordance with the terms hereof, produced and saved from the lands covered by the Leases as shown on Schedule "A", excepting and reserving, however, the following rights:-

- (1) The right to use such gas produced from any one or more of said Leases, at the Seller's option, as Seller may need or require the same for development of Seller's properties situated within the same field, including, but not limited to, the use of gas for fuel, drilling, developing and operating said properties, for the production of oil, gas or other minerals.
- (2) The right to use such gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for the Seller (providing that such processing plants are located in the Whitelaw Field or in the vicinity thereof, but whether or not the processing plants are owned by others than the Seller) or for effecting delivery of the gas to the Buyer, it being recognized by the Buyer that gas so used by the Seller, and gas lost through process shrinkage or gathering operations, is reserved to Seller.
- (3) The right to process or to have processed for it such gas.
- (4) The right, as between Buyer and Seller, to retain and dispose of, (free from any and all claims by Buyer), any and all liquids recovered by or for the Seller from the gas prior to delivery to the Buyer.





- (5) The right to operate the Leases covered by this contract, free from any and all control by the Buyer, in such manner as the Seller, in its sole discretion, deems advisable, including, without limitation, the right to drill new wells, and to repair or rework old wells.
- (6) That any volumes of gas to be made available to the Westcoast Companies from the said lands shall be surplus to any requirements of Northland Utilities Limited being a local utility obtaining its supplies of gas for local distribution from the said lands.

2. Maintenance of Leases:

Seller shall not be required to retain by payment of rentals lands which, in Seller's judgment, have been condemned by development, nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit, but before releasing any gas Lease on any such lands, Seller shall give Buyer timely notice that it proposes to surrender the same, and, upon demand by Buyer, assign to Buyer its interest in such gas Lease, upon payment by Buyer to Seller of the Seller's interest in the salvage value of any casing and other equipment of Seller in any well or wells located on the lands covered thereby or used in conjunction therewith. In the event Buyer shall, pursuant to the foregoing provisions, acquire any gas Leases, Buyer shall have the right to take into its pipeline gas produced from the lands covered by such Leases and the maximum volumes specified in Section 1 of Article V shall be reduced in like amount. PROVIDED that the provisions of this paragraph shall not be construed to impose on the Seller any obligation to gather or treat such gas for the account of the Buyer.

3. Limitation to Legal Production:

Notwithstanding anything herein contained, the volumes of gas that Seller shall be obligated to deliver to Buyer under the terms of this contract shall be limited to volumes of gas which can be legally produced from the lands covered by this contract less the volumes of gas excepted



and reserved as provided in this contract.

ARTICLE V

SALE AND PURCHASE OF GAS

1. Maximum Day Volumes:

Subject to the provisions of this contract the maximum volume of gas that Seller shall be required to sell and deliver to Buyer hereunder in any one day commencing on the effective date as hereinafter defined shall be Seller's undivided interest in the following volumes:

<u>Period</u>	<u>Million Cu. Ft. per Day</u>
For the period following the first delivery of gas to January 1, 1958:	-
For the following calendar year:	18
For the following calendar year, and for each calendar year thereafter:	25

The time at which deliveries of gas commence will depend upon the effective date which shall be the earliest of the following dates:-

- (i) The date beginning nine (9) months after the receipt of written notice by the Buyer from the Seller that the Seller is ready to deliver gas to the pipeline facilities of the Buyer; or
- (ii) The date beginning twelve (12) months after the receipt of written notice from the Buyer to the Seller that the Buyer is willing to pay to the Seller a minimum price of Ten Cents (10¢) per Mcf under the terms of Sections 1 and 2 of Article VI hereof for the gas purchased and sold under the terms hereof; or
- (iii) The date prior to the First day of January, 1960, when it is mutually agreed between the Buyer and the Seller what volumes can be economically produced from the lands, more particularly as set forth in letter dated the Ninth day of March, 1955, and signed by both the Buyer and the Seller.

In the event that the Seller is unable for a period of Fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum day volumes specified in Section 1 of this Article V,





when the Buyer is ready and able to accept the same, the Buyer shall have the right, in addition to any other right which Buyer may have under the terms of this Agreement, to reduce the volumes specified in Section 1 of this Article V in the proportion that the average daily deliveries during such fifteen (15) day period bears to the maximum day volumes specified in Section 1 of this Article V, PROVIDED HOWEVER, upon the Seller remedying or partially remedying the deficiency within the following calendar year, the applicable and maximum volume specified in Section 1 of this Article V shall be reinstated or partially reinstated as the case may be.

In the event the United States customer of Buyer is not authorized to import the volumes specified in subsection (a), (b), and (c) of Section 1 of Article IV of the contract between the said customer and the Buyer dated December 11, 1954, then the Buyer shall have the right to reduce the maximum volumes set out in Section 1 of this Article V in the proportion that the volumes authorized to be imported bear to the said volumes specified in the said contract.

2. Contract Volumes will be as follows:

Subject to the provisions of this contract, Seller agrees to sell and deliver and Buyer agrees to purchase and receive from Seller the maximum day volumes set forth in Section 1 of this Article V at a high load factor estimated at approximately eighty percent (80%) and the Buyer shall purchase and receive from Seller or pay for (in accordance with Section 3 of this Article V) the Seller's interest in an annual volume of gas equal to Ninety percent (90%) of the total annual volume of gas purchased from Alberta fields (exclusive of deficiency volumes purchased pursuant to Section 3 of this Article V) multiplied by the maximum day volume obligation in effect from time to time and divided by the total maximum day obligation





of all Sellers under contract to Buyer producing gas from Alberta fields, PROVIDED HOWEVER that the volume of gas from the Whitelaw field which Buyer shall receive or pay for during any year shall not be less than 263 times the maximum day volume obligation in effect from time to time (exclusive of deficiency volumes pursuant to Section 3 of this Article V) subject to other terms of this contract.

3. Make up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January First of each year, in the event the total volume of gas purchased by Buyer from Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed by law, be less than a volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of gas not so purchased by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding calendar year in addition to their obligation in the current period and paid for at the price or prices applicable to the date or dates when such gas shall be delivered, and any such deficiency volume of gas not so accepted and purchased during such succeeding calendar year shall be paid for by Buyer at the end of such succeeding calendar year at the price provided in this contract applicable to the volume of gas delivered on the last day of the calendar year in which the deficiency occurred. Such deficiency volume of gas accepted and purchased by Buyer during any such succeeding calendar year to make up deficiencies in purchases during the preceding calendar year shall not be deemed to be a part of the annual volume of gas required to be accepted and purchased by Buyer hereunder during such succeeding calendar year, PROVIDED HOWEVER that the Seller shall not be required to deliver gas at daily rates in excess of the maximum daily rate in effect as specified in Section 1 of this Article V.



ARTICLE VI

PRICE

1. Price Schedule:

Subject to the adjustment hereinafter provided for, the Buyer agrees to pay to the Seller for all gas delivered or contracted to be delivered hereunder the base price as follows:

	<u>Per Mcf</u> <u>Cents</u>
For the period following the first delivery of gas to January 1, 1958	6¢
For the next ensuing five (5) years	10¢
For the sixth and seventh years	10 $\frac{1}{4}$ ¢
For the eighth and ninth years	10 $\frac{1}{2}$ ¢
For the tenth and eleventh years	10 $\frac{3}{4}$ ¢
For the twelfth and thirteenth years	11¢
For the fourteenth and fifteenth years	11 $\frac{1}{4}$ ¢
For the sixteenth and seventeenth years	11 $\frac{1}{2}$ ¢
For the eighteenth and nineteenth years	11 $\frac{3}{4}$ ¢
For the twentieth year	12¢

2. Volume Adjustment:

For each month after January 1, 1958, during which the maximum billing demand billed to its customers by Westcoast Transmission Company Limited is less than 460,000 Mcf per day, the prices set forth in paragraph 1 of this Article VI shall be reduced as follows:-

<u>Average Monthly Maximum Day:</u>	<u>Adjustment</u> <u>Per Mcf - Cents</u>
Less than 460,000 but equal to or more than 425,000	1 $\frac{1}{2}$ ¢
Less than 425,000 but equal to or more than 400,000	3 $\frac{1}{4}$ ¢
Less than 400,000 but equal to or more than 375,000	1 $\frac{3}{4}$ ¢
Less than 375,000 but equal to or more than 350,000	2 $\frac{3}{4}$ ¢
Less than 350,000 but equal to or more than 325,000	3 $\frac{1}{4}$ ¢
Less than 325,000 but equal to or more than 300,000	3 $\frac{3}{4}$ ¢
Less than 300,000 but equal to or more than 250,000	4 ¢

3. Price after Twenty Years:

On or before the First day of January in the Twentieth (20)



calendar year referred to in Section 1 hereof, the Seller and the Buyer shall consult together to determine by mutual agreement the price or prices to be paid by the Buyer to the Seller for gas delivered by the Seller to the Buyer after the expiration of the total period of Twenty (20) years referred to in Section 1 hereof. In the event the Seller and the Buyer are unable to mutually agree upon the said price or prices, then the Buyer shall pay to the Seller the price or prices in effect in the said Twentieth (20th) calendar year for all gas delivered hereunder after the expiration of the Twentieth (20th) year, SUBJECT HOWEVER, to the right of the Seller, at any time after the expiration of the said Twentieth (20th) calendar year to terminate this contract upon Six (6) months' notice in writing to the Buyer.

4. Currency:

- (a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States Currency as published at Twelve o'clock (12:00) noon Eastern Standard Time or Eastern Daylight Time, as the case may be, by The Bank of Montreal, The Royal Bank of Canada and The Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five (105) United States Cents or not less than Ninety-five (95) United States Cents for One (1) Canadian Dollar, then the total quantity of gas delivered by the Seller to the Buyer in such month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.
- (b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for United States currency is:
  - (i) In excess of One Hundred and Five (105) United States Cents and is not more than One Hundred and Ten (110) United States Cents for One (1) Canadian Dollar; or
  - (ii) Less than Ninety-five (95) United States Cents but not less than Ninety (90) United States Cents for One (1) Canadian Dollar;

then the total quantity of gas delivered by the Seller to the Buyer in each such month, subject to the provisions of subsection (e) of this Section 4, shall be considered sold and purchased at the price in Canadian currency calculated as follows:





LET:        Pc    Price payable in Canadian currency during the month

          C    the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in Canada;

          US    the volume of gas sold by Westcoast Transmission Company Limited out of its transmission system during such month to purchasers for use in the United States;

          P    price in the contract;

          E    the average daily selling rate for Canadian currency in United States currency during such month determined in accordance with the provisions of paragraph (a) above;

THEN:        In the case of (i)

$$Pc = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{105}{E} \right)$$

In the case of (ii):

$$Pc = \left( \frac{C}{C + US} \times P \right) + \left( \frac{US}{C + US} \times P \times \frac{95}{E} \right)$$

- (c) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for non-consecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for gas delivered hereunder during such periods of time shall be adjusted in accordance with the formula set forth in subsection (b) of this Section 4.
- (d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten (110) United States Cents or is less than Ninety (90) United States Cents for One (1) Canadian Dollar for at least three (3) consecutive monthly periods, then the price payable by the Buyer to the Seller as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail shall be renegotiated between the Buyer and the Seller, PROVIDED HOWEVER that pending completion of such renegotiation the price payable by the Buyer to the Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive to the monthly periods during which the daily average selling rate for Canadian currency in United States currency exceeded One Hundred and Ten (110) United States Cents or was less than Ninety (90) United States Cents for One (1) Canadian Dollar, and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price





within six months then Seller may upon three (3) months' written notice to Buyer terminate this contract.

- (e) In no event shall the value of "Pc" as calculated under the provisions of subsections (b), (c) and (d), (for the period pending negotiation as provided therein), of this Section 4 exceed or be less than the value of "P", as the case may be, by more than One (1) Cent per Mcf of gas delivered hereunder.

5. Price Accuracy:

All calculations with respect to the price of gas shall be carried to the nearest One-hundredth of a cent.

ARTICLE VII

TAXES

1. Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon or in respect of the gas delivered hereunder up to the point of delivery of the gas to Buyer. All increases in such present gross production taxes, severance taxes and excise taxes upon or in respect of the gas delivered hereunder of the production, transportation or handling thereof up to the point of delivery of the gas to Buyer and any tax on the pipelines in the Seller's gathering system required to be paid by Seller, shall be borne three-quarters ( $\frac{3}{4}$ ) by the Buyer and one-quarter ( $\frac{1}{4}$ ) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.

ARTICLE VIII

DELIVERY POINTS AND PRESSURE

1. Delivery Points:

The point of delivery for all gas delivered hereunder shall be at



the outlet of the meter stations to be installed and operated by the Seller at a location to be mutually agreed upon by the Seller and the Buyer in the vicinity of the Whitelaw field.

2. Delivery Pressure:

All gas sold and purchased hereunder shall be delivered at the delivery point in each of the said fields from which deliveries are taken at a pressure not exceeding Nine Hundred and Seventy-five (975) pounds per square inch gauge, and not less than Five Hundred (500) pounds per square inch gauge for the first Four (4) years of deliveries hereunder. Thereafter the Buyer will accept deliveries of gas at less than Five Hundred (500) pounds per square inch gauge but not less than One Hundred (100) pounds per square inch gauge, PROVIDED HOWEVER that in respect to gas delivered at less than Two Hundred and Fifty (250) pounds per square inch gauge the Buyer shall deduct by way of allowance for compression costs the sum of three-quarter Cents ( $\frac{3}{4}$ ) per Mcf from the price payable by the Buyer to the Seller under the terms of Article VI hereof, PROVIDED HOWEVER that in the event that gas from any field can be made available for delivery at pressure less than One Hundred (100) pounds per square inch gauge, the Seller and the Buyer will consult together for the purpose of determining the terms and conditions upon which the Buyer will accept delivery of such gas taking into consideration the cost of compression to make such gas available to the Pipeline.

ARTICLE IX

QUALITY

All gas delivered by Seller to Buyer shall conform with the following specifications:



1. Specifications:

The gas delivered hereunder shall be natural gas and shall conform to the specifications set forth under Sections 2 to 7 inclusive of this Article IX.

2. Odors and Solids:

The gas shall be commercially free from objectionable odors, solid matter, dust, gums and gum-forming constituents which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances which it flows.

3. Oxygen:

The gas shall not at any time have an oxygen content in excess of One Percent (1%) by volume, and Seller shall make every reasonable effort to keep the gas free of oxygen.

4. Liquids:

The gas shall be free of water and hydrocarbons in liquid form. The gas shall not contain water vapor in excess of Three (3) pounds per million cubic feet as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case shall Seller be required to dehydrate gas to a dewpoint less than Zero Degrees Fahrenheit (0° F.). The gas shall not contain liquefiable hydrocarbon content (pentanes and heavier) in excess of Two Hundred (200) United States gallons per million cubic feet, PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater liquefiable hydrocarbon content for such period or periods as Buyer may prescribe from time to time.

5. Hydrogen Sulphide:

The gas shall not contain more than One (1) grain of hydrogen







sulphide per One Hundred (100) cubic feet. PROVIDED HOWEVER that the Buyer may at Buyer's sole discretion accept gas containing greater hydrogen sulphide content for such period or periods as Buyer may prescribe from time to time.

6. Total Sulphur:

The gas shall not contain more than Twenty (20) grains of total sulphur (hydrogen sulphide and mercaptan sulphur) per One Hundred (100) cubic feet.

7. Heating Value:

The gas shall have a total heating value per cubic foot of not less than Nine Hundred and Fifty (950) nor more than Eleven Hundred and Twenty-five (1125) British Thermal Units, PROVIDED HOWEVER, that the Buyer may at the Buyer's sole discretion accept gas with a higher or lower heating value for such period or periods as the Buyer may prescribe from time to time.

ARTICLE X

MEASUREMENT

1. Unit of Volume:

The unit of volume of gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article III hereof) shall be One (1) cubic foot at an absolute pressure of Fifteen and Twenty-five Thousandths (15.025) pounds per square inch at a temperature of Sixty Degrees Fahrenheit (60° F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of gas delivered hereunder if measured by an orifice meter shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas



Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948. If gas delivered hereunder is measured with a positive displacement meter, the volumes delivered at flowing pressures and temperatures shall be corrected by the application of proper correction factors for (i) absolute static pressure, (ii) flowing temperature, and (iii) deviation from Boyle's Law as set forth in the above noted Report.

3. Deviation from Boyle's Law:

The deviation of the gas from Boyle's Law at the pressures and temperatures at which the gas is metered shall be determined by tests or analyses at intervals of Six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volume of gas delivered hereunder during the Six (6) calendar months next following the taking of the sample from which such determination is made.

4. Specific Gravity:

The specific gravity of the gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A at the beginning of delivery and thereafter as frequently as is found expedient in practice at the respective points where the gas is metered hereunder, and the results of the determination at each such point shall be used in computing the volumes of gas metered at such point.

5. Flowing Temperature:

The flowing temperature of the gas in the meters shall be determined by means of a recording thermometer to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and



the arithmetic average temperature each day shall be used in computing the deliveries of gas during such day.

6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be Thirteen and Four Tenth (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.

ARTICLE XI

MEASURING EQUIPMENT

1. Seller's Measuring Station:

Seller shall install, maintain and operate at its own expense equipment required for the measurement of the volumes, temperatures and heating value of all gas delivered hereunder at the place of delivery. Buyer shall have access to the measuring equipment of the Seller at all reasonable hours, but the calibrating and adjusting of the measuring equipment and the changing of charts shall be done only by the Seller.

2. Check Measuring Equipment:

Buyer may install, maintain and operate at its own expense check measuring equipment as desired providing that such equipment shall be so installed as to not interfere with the operation of the Seller's measuring equipment at or near the point of delivery.

3. Right to be Present:





The Seller and Buyer shall each have the right to be present at the time of any installing, testing, cleaning, changing, repairing, inspecting, calibrating, or adjusting, done in connection with the measuring equipment used in measuring deliveries hereunder, and shall be given reasonable notice thereof in order that it may be present.

4. Calibration and Test of Meters:

The accuracy of the measuring equipment at the point of delivery shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering substantially correct, the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than Two Percent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If, upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding Two Percent (2%), then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of Fifteen (15) days.

5. Correction of Metering Errors:

In the event the measuring equipment is out of service or out of repair so that the quantity of gas delivered is not correctly indicated by the reading thereof, the gas delivered through the period such measuring





equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available using the first of the following methods which is feasible:

- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during preceding periods under similar condition when the meter was registering accurately.

6. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least Six (6) years all test data, charts, and other records of gas measurements.

ARTICLE XII

STATEMENTS AND PAYMENTS

1. Seller or its nominee shall render to Buyer on or before the Fifteenth (15th) day of each calendar month a statement for all gas delivered to Buyer hereunder during the preceding calendar month and payment for such gas shall be made by Buyer to Seller on or before the Twenty--fifth (25th) day of the month during which such statement is rendered. All payments accruing to the Seller hereunder shall be made to The British American Oil Company Limited. The Seller may, from time to time, designate another person, firm or corporation to accept payments hereunder such designation to be in writing, and from and after receipt by the Buyer of such new designation, the Buyer shall thereafter make such payments to such person, firm or corporation.



ARTICLE XIII

ESTIMATES OF REQUIREMENTS

1. In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimates of requirements of gas during each of the following Six (6) months, which estimates shall not be inconsistent with the provisions of this contract. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

ARTICLE XIV

POSSESSION OF GAS

1. Point of Delivery Controls:

As between the parties under this agreement, Seller shall be deemed to be in control and possession of the gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

2. Responsibility:

Buyer shall have no responsibility with respect to any gas deliverable under the terms of this agreement until it is delivered into the facilities of the Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery, and Seller shall have no responsibility with respect to such gas after its delivery into the facilities of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery.

ARTICLE XV

WARRANTY AND TITLE OF GAS

1. The Seller warrants generally the title to all gas delivered to



the Buyer hereunder and its right to sell the same, and warrants that such gas shall be free and clear of all liens and adverse claims.

ARTICLE XVI

FORCE MAJEURE

No failure or delay in performance of this Agreement by either party hereto shall be deemed to be a breach of this Agreement when such failure or delay is occasioned by or due to any act of God, strikes, lock-outs, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, sabotage, breakage or accident to machinery or lines of pipe, temporary failure of gas supply because of freezing of wells or delivery facilities or hydrate obstructions of lines of pipe, inability to obtain pipe, materials or equipment, the binding order of any Court or Governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; PROVIDED that no cause or contingency shall relieve Buyer of its obligation to make payments due hereunder.

ARTICLE XVII

MISCELLANEOUS

1. Non-Waiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or of a different character.





2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be as follows:

Seller: THE BRITISH AMERICAN OIL COMPANY LIMITED  
409 - 3rd Street West  
Calgary, Alberta.

Buyer: WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.  
7th Floor, Pacific Building  
Calgary, Alberta.

or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment:

Neither party hereto shall assign this Agreement or any of its



rights or obligations hereunder without the consent in writing of the other party; PROVIDED that Seller may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all of its interest in the Leases in the lands comprised in Schedule "A" hereto, and Buyer may, without such consent, assign this Agreement and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system of Buyer. The provisions of this Section 5 shall not be construed to prohibit either party, without the consent of the other party, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds or other indebtedness of such party.

6. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. Provincial Laws:

This Agreement shall be construed in accordance with the laws of the Province of Alberta.

8. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify, and which should not in the reasonable opinion of the Seller be withheld as confidential.

ARTICLE XVIII

ARBITRATION

1. If any dispute arises between the parties to the contract relating



to matters in connection with the interpretation or construction of the provisions hereof, such dispute shall be settled by arbitration in the following manner, that is to say:-

Within Twenty (20) days after the written request of either party hereto for arbitration, the parties hereto shall agree upon and appoint one arbitrator. In case the parties shall fail to name an arbitrator within Twenty (20) days after the written request of any party for arbitration, application for the appointment of an arbitrator shall be made within Ten (10) days after the expiration of such Twenty (20) day period to any Judge of the Supreme Court of Alberta. The arbitrator so selected shall have all the powers given by The Arbitration Act, being Chapter III, Revised Statutes of Alberta, 1942, or any Act in amendment or in substitution therefor. The decision of the sole arbitrator selected as above shall be final and binding on the parties hereto.

#### ARTICLE XIX

##### FAVOURABLE NATIONS

1. In the event the Buyer or Westcoast Transmission Company Limited shall enter into any contracts for the purchase of gas with any producer or producers of gas, and actually take delivery of and pay for gas within the Peace River Area of the Province of Alberta during the period of this contract upon terms more favourable to such producer or producers than the terms hereof, Seller shall have the right upon notice in writing to the Buyer to have this contract modified so as to make applicable to the sale and purchase of gas hereunder such more favourable terms as are contained in the said contracts





with said producer or producers. The Buyer shall forthwith upon completion of any contracts with any producer or producers of gas as aforesaid, serve upon the Seller a true copy of each such contract.

IN WITNESS WHEREOF the parties hereto have hereunto caused their respective corporate seals to be affixed attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.

SIGNED, SEALED AND DELIVERED )

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THE BRITISH AMERICAN OIL COMPANY LIMITED

Per: \_\_\_\_\_

\_\_\_\_\_

WESTCOAST TRANSMISSION COMPANY (ALBERTA) LTD.

Per: \_\_\_\_\_

\_\_\_\_\_





TC

Westcoast Transmission Company Limited does hereby consent to the execution of the within Agreement by Westcoast Transmission Company (Alberta) Ltd., and does hereby approve the terms thereof.

In consideration of your Company entering into the said Agreement, Westcoast Transmission Company Limited does hereby covenant and agree with your Company, its successors and assigns, that if default should at any time be made by Westcoast Transmission Company (Alberta) Ltd., its successors and assigns, in payment of any moneys which shall hereafter be due to your Company in accordance with the terms of the said Agreement, or the due observance and performance of any term and condition of the said Agreement to be observed and performed by it, then Westcoast Transmission Company Limited will forthwith pay all such moneys due and payable to your Company and will perform and carry out or cause to be performed and carried out each and every term and condition of the said Agreement in accordance with the purpose and intent thereof.

It shall not be necessary for your Company to notify Westcoast Transmission Company Limited of the occurrence of any such default.

This guarantee shall be a continuing guarantee and is to remain in force concurrently with the terms of the said agreement.

DATED at the City of Calgary, in the Province of Alberta, this \_\_\_\_\_ day of \_\_\_\_\_, A. D. 1955.

WESTCOAST TRANSMISSION COMPANY LIMITED

By \_\_\_\_\_  
\_\_\_\_\_



Schedule "A" to the Gas Purchase Agreement made between  
The British American Oil Company Limited as Seller of  
the First Part, and Westcoast Transmission Company  
(Alberta) Ltd. as Buyer of the Second Part, dated the  
14th day of April, A. D. 1955.

Whitelaw Area (Alberta).

1. Lands as to which natural gas rights in the Gething, Jurassic and Triassic Zones only are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of a Provincial Natural Gas Lease.

Township 81, Range 1, West of the 6th Meridian

All Sections 17, 18, 19, 20, 29, 30, 31 and 32

5,120 acres more or less

Township 81, Range 2, West of the 6th Meridian

All Sections 13, 24, 25, 26, 34, 35 and 36

4,480 acres more or less

Township 82, Range 2, West of the 6th Meridian

All Sections 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14, 15,  
16, 21, 22, 23 and 24

10,880 acres more or less

2. Lands as to which natural gas rights in the Gething Zone only are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of a Provincial Natural Gas Lease.

Township 82, Range 2, West of the 6th Meridian

All Sections 7, 8, 17, 18, 19 and 20

3,840 acres more or less



3. Lands as to which all natural gas rights except those in the Cething, Jurassic and Triassic Zones are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited under and by virtue of Provincial Petroleum and Natural Gas Leases.

Township 81, Range 1, West of the 6th Meridian

All Sections 19, 20, 29, 30, 31 and 32

3,840 acres more or less

Township 81, Range 2, West of the 6th Meridian

$W\frac{1}{2}$  Sec. 13, Secs. 14 and 15,  $E\frac{1}{2}$  Sec. 16,  $E\frac{1}{2}$  Sec. 24,  $E\frac{1}{2}$  Sec. 25,  $W\frac{1}{2}$  Sec. 28, Secs. 29, 30, 31 and 32,  $W\frac{1}{2}$  Sec. 33,  $E\frac{1}{2}$  Sec. 36.

6,080 acres more or less

Township 82, Range 2, West of the 6th Meridian

$W\frac{1}{2}$  Sec. 1, Secs. 2 and 3,  $E\frac{1}{2}$  Sec. 4,  $E\frac{1}{2}$  Sec. 9, Secs. 10 and 11,  $W\frac{1}{2}$  Sec. 12,  $W\frac{1}{2}$  Sec. 13, Secs. 14 and 15,  $E\frac{1}{2}$  Sec. 16, Secs. 19 and 20,  $W\frac{1}{2}$  Sec. 21,  $E\frac{1}{2}$  Sec. 24.

7,680 acres more or less

4. Lands as to which all natural gas rights are controlled jointly and equally by Shell Oil Company and The British American Oil Company Limited, under Provincial Petroleum and Natural Gas Leases.

Township 81, Range 1, West of the 6th Meridian

$NW\frac{1}{4}$  Sec. 1,  $NE\frac{1}{4}$  Sec. 2,  $W\frac{1}{2}$  Sec. 3, All Secs. 4 and 9,  $W\frac{1}{2}$  Sec. 10,  $W\frac{1}{2}$  Sec. 13, All Sec. 14,  $E\frac{1}{2}$  Sec. 15,  $W\frac{1}{2}$  Sec. 21,  $E\frac{1}{2}$  Sec. 22, All Sec. 23,  $W\frac{1}{2}$  and  $NE\frac{1}{4}$  Sec. 24,  $S\frac{1}{2}$  Sec. 25, All Sec. 26,  $E\frac{1}{2}$  Sec. 27,  $W\frac{1}{2}$  Sec. 33.

6,880 acres more or less





Township 82, Range 1, West of the 6th Meridian

W $\frac{1}{2}$  Sec. 13, all Sec. 14, E $\frac{1}{2}$  Sec. 15, all Sec. 19,  
NW $\frac{1}{4}$  and S $\frac{1}{2}$  Sec. 20, W $\frac{1}{2}$  Sec. 21, E $\frac{1}{2}$  Sec. 22, all  
Secs. 23, 25 and 26, E $\frac{1}{2}$  Sec. 27, W $\frac{1}{2}$  Sec. 28, all Sec.  
29, W $\frac{1}{2}$  and NE $\frac{1}{4}$  Sec. 30, SE $\frac{1}{4}$  Sec. 31, all Sec. 32,  
W $\frac{1}{2}$  Sec. 33.

7,840 acres more or less

Township 83, Range 1, West of the 6th Meridian

SW $\frac{1}{4}$  Sec. 1, all Secs. 2 and 3, E $\frac{1}{2}$  Sec. 4, SW $\frac{1}{4}$  Sec. 8,  
E $\frac{1}{2}$  Sec. 9, all Secs. 10 and 11, NW $\frac{1}{4}$  Sec. 12, SW $\frac{1}{4}$  Sec.  
13, S $\frac{1}{2}$  Sec. 14, S $\frac{1}{2}$  Sec. 15, SE $\frac{1}{4}$  and NW $\frac{1}{4}$  Sec. 16, N $\frac{1}{2}$  Sec.  
17, NE $\frac{1}{4}$  Sec. 18, E $\frac{1}{2}$  Sec. 19, all Sec. 20, W $\frac{1}{2}$  Sec. 21,  
NE $\frac{1}{4}$  Sec. 22, N $\frac{1}{2}$  Sec. 23, NW $\frac{1}{4}$  Sec. 24, W $\frac{1}{2}$  Sec. 25, all  
Sec. 26, E $\frac{1}{2}$  Sec. 27, W $\frac{1}{2}$  Sec. 28, all Sec. 29, E $\frac{1}{2}$  Sec.  
30, SE $\frac{1}{4}$  Sec. 31, S $\frac{1}{2}$  Sec. 32, SW $\frac{1}{4}$  Sec. 33, SE $\frac{1}{4}$  Sec. 34,  
S $\frac{1}{2}$  Sec. 35, SW $\frac{1}{4}$  Sec. 36.

11,040 acres more or less

Township 83, Range 2, West of the 6th Meridian

W $\frac{1}{2}$  Sec. 1, all Secs. 2 and 3, E $\frac{1}{2}$  Sec. 4, all Sec. 7,  
W $\frac{1}{2}$  Sec. 8, E $\frac{1}{2}$  Sec. 9, all Secs. 10 and 11, W $\frac{1}{2}$  Sec. 12,  
W $\frac{1}{2}$  Sec. 13, all Secs. 14 and 15, E $\frac{1}{2}$  Sec. 16, W $\frac{1}{2}$  Sec. 17,  
all Sec. 18, S $\frac{1}{2}$  & NE $\frac{1}{4}$  Sec. 19, W $\frac{1}{2}$  Sec. 20, W $\frac{1}{2}$  Sec. 26,  
all Secs. 27 and 28, E $\frac{1}{2}$  Sec. 29, SE $\frac{1}{4}$  Sec. 32, S $\frac{1}{2}$  Sec. 33,  
S $\frac{1}{2}$  Sec. 34 and SW $\frac{1}{4}$  Sec. 35.

11,360 acres more or less

Township 83, Range 3, West of the 6th Meridian

All Secs. 8, 9, 10, 11, 14, 15, 16 and 17

5,120 acres more or less

Township 81, Range 2, West of the 6th Meridian

NW $\frac{1}{4}$  Sec. 1, N $\frac{1}{2}$  Sec. 2, N $\frac{1}{2}$  Sec. 3, NE $\frac{1}{4}$  Sec. 4, E $\frac{1}{2}$  Sec.  
9, Secs. 10 and 11, W $\frac{1}{2}$  Sec. 12.

2,880 acres more or less







GAS PURCHASE AGREEMENT - SAVANNA CREEK

PHILLIPS PETROLEUM COMPANY  
NORTHERN NATURAL GAS PRODUCING COMPANY  
HUSKY OIL AND REFINING LTD.  
CANADA WESTERN DISTRIBUTORS LTD.  
ANACONDA PETROLEUM LTD.  
SAVANNA CREEK GAS & OIL LIMITED

SELLER

-and-

WESTCOAST TRANSMISSION COMPANY LIMITED

BUYER



THIS CONTRACT made this 1st day of August, 1957, between PHILLIPS PETROLEUM COMPANY, A Delaware corporation with an office in the City of Calgary in the Province of Alberta (hereinafter called "Phillips") and NORTHERN NATURAL GAS PRODUCING COMPANY, a body corporate having an office in the City of Calgary in the Province of Alberta, (hereinafter called "Northern") and HUSKY OIL AND REFINING LTD., a body corporate having an office in the City of Calgary in the Province of Alberta, (hereinafter called "Husky") and CANADA WESTERN DISTRIBUTORS LTD., a body corporate having an office in the City of Calgary in the Province of Alberta, (hereinafter called "Canada Western") and ANACONDA PETROLEUM LIMITED, a body corporate having an office in the City of Houston in the State of Texas, (hereinafter called "Anaconda") and SAVANNA CREEK GAS & OIL LIMITED, a body corporate having an office in the City of Houston in the State of Texas, (hereinafter called "Savanna") the above parties also collectively hereinafter referred to as "Seller", and WESTCOAST TRANSMISSION COMPANY LIMITED, a body corporate incorporated by Act of Parliament of Canada, with head office at the City of Calgary in the Province of Alberta, (hereinafter called "Buyer")

WITNESSETH, that in consideration of the mutual covenants hereinafter set forth it is mutually understood and agreed by and between the parties hereto as follows:

## ARTICLE I

### REPRESENTATIONS

#### 1. Seller's Representations

Phillips, Northern, Husky, Canada Western, Anaconda and Savanna





severally represent that it owns or controls the interest in the natural gas rights in and under the leases described in Schedule "A" hereto attached and by reference made a part hereof as therein stated and that it has full right, power and authority to sell and dispose of its interest in the gas to be sold and purchased under the terms hereof free and clear of all encumbrances and that Seller is now engaged in a drilling program for the purpose of testing and evaluating the said lands for the production of Gas.

2. Buyer's Representations:

Buyer represents that, subject to the following provisions in this Article 1, Section 2, it proposes to construct a natural gas transmission pipeline (herein - after referred to as "the pipeline") from a point in southwestern Alberta near the British Columbia border to a point to be selected by Buyer and Pacific Northwest Pipeline Corporation (hereinafter called "Pacific Northwest") on the international boundary between the Provinces of British Columbia and Alberta and the State of Idaho. Buyer further represents that it has entered into an agreement with Pacific Northwest, dated the 25th day of May, 1957, providing for deliveries of gas to be made by Buyer to Pacific Northwest at the above-mentioned delivery point on the international boundary subject,

- (a) to Buyer obtaining all necessary governmental authorizations permitting it to sell and deliver said gas to Pacific Northwest, and
- (b) to Pacific Northwest obtaining all necessary governmental authorization permitting it to purchase and take delivery of said gas in the United States.



Buyer further represents that it will arrange for the gathering of the Gas to be purchased by Buyer hereunder from the wellhead of Seller's wells or at the outlet of any separating equipment which may be installed by Seller for the separation of liquid from Gas prior to delivery hereunder and the transportation of such Gas to a processing plant, if required, and from such processing plant to the connection with the pipeline of the Buyer.

3. Seller's Performance with Diligence:

Seller agrees to carry on a development program, in so far as a prudent operator would do so, on the said lands described in Schedule "A" for the purpose of making Gas available for sale to the Buyer under the terms hereof. However, upon the happening of any one of the following contingencies, to wit:

- (a) The failure of Pacific Northwest to procure from the Federal Power Commission on or before the 31st day of December, 1958, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States required to take delivery and transmit to its customers in the United States the volumes of gas to be purchased by it at the aforesaid delivery point, under the terms of the agreement between the Buyer and Pacific Northwest dated the 25th day of May, 1957, hereinbefore referred to, and to procure a Presidential Permit authorizing construction by Pacific Northwest of the facilities to import gas into the United



States, and an authorization to import the said gas into the United States upon terms and conditions satisfactory to Pacific Northwest;

- (b) The failure of Buyer to procure from the Provincial and Federal Governmental authorities in Canada on or before the 31st day of December, 1958, all necessary authorizations for the Buyer to export the Gas purchased hereunder to the United States, and the construction and operation of the additional pipeline facilities required to be constructed by Seller and the parties with which it shall arrange gathering and transportation in Alberta, and to carry out the said agreement with Pacific Northwest;
- (c) The failure of Buyer to arrange to finance construction of the facilities required within six (6) months following the last date upon which the authorization referred to in Subsections (a) and (b) of this Section 3 are obtained;
- (d) The failure of Buyer to complete the construction of its facilities to deliver the Gas purchased hereunder to Pacific Northwest at the aforesaid delivery point on or before November 1st, 1959,





Seller shall have the right to terminate this contract by written notice to be delivered to Buyer at any time within ninety (90) days after the happening of any such contingency.

4. Buyer's Performance with Diligence:

Buyer agrees to proceed with diligence in an endeavor to procure the governmental authorizations required for the export of the Gas to be purchased hereunder and the sale thereof to Pacific Northwest in accordance with the terms of said contract between Buyer and Pacific Northwest dated the 25th day of May, 1957, and the financing and construction of the necessary facilities required for the transmission by the Buyer through its pipeline of said Gas to be sold to Pacific Northwest. However, upon the happening of any of the following contingencies, to wit:

- (a) The failure of Pacific Northwest to procure from the Federal Power Commission on or before the 31st day of December, 1958, a Certificate of Public Convenience and Necessity for the construction and operation of its pipeline facilities in the United States required to take delivery and transmit to its customers in the United States the volumes of gas to be purchased by it at the aforesaid delivery point, under the terms of the agreement between Buyer and Pacific Northwest dated the 25th day of May, 1957, hereinbefore referred to, and to procure a Presidential Permit authorizing construction by Pacific Northwest of the facilities to import such gas into the United States, and an authorization to import the said gas into the United States upon terms and conditions satisfactory to Pacific Northwest;



- (b) The failure of Buyer to procure from governmental authorities in Canada on or before the 31st day of December, 1958, all governmental authorizations necessary to enable the Buyer to export the Gas purchased hereunder to the United States, and to carry out the said agreement with Pacific Northwest;
- (c) The failure of Seller to arrange to finance construction of the facilities required by it within six (6) months following the last date upon which the authorizations referred to in Subsections (a) and (b) of this Section 4 are obtained;
- (d) The failure of Seller to complete its facilities to deliver Gas hereunder by the time Buyer shall have completed its pipeline facilities required to take delivery of such Gas under the terms of this agreement, or by September 1, 1958, whichever is the later date;

Buyer shall have the right to terminate this agreement by written notice to be delivered to Seller at any time within ninety (90) days after the happening of any such contingency.

5. Nonwaiver of Remedies:

The right of each of the parties hereto to terminate this contract upon the happening of any of the contingencies described in Sections 3 or 4 of this Article I shall not exclude any other rights and remedies each party may have by reason of the other party's failure to proceed with diligence as herein provided.



ARTICLE II

DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this agreement shall have the following meanings:

1. The term "day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at Eight (8:00) A.M. Mountain Standard Time.
2. The term "month" shall mean the period beginning at Eight (8:00) A.M. Mountain Standard Time on the first day of the calendar month and ending at Eight (8:00) A.M. Mountain Standard Time on the first day of the next succeeding calendar month.
3. The term "year" shall mean a calendar year beginning at Eight (8:00) A.M. January 1st and ending the next succeeding January 1st at Eight (8:00) A.M.
4. The term "cubic foot" shall mean the volume of gas which occupies one (1) cubic foot when such gas is at a temperature of sixty degrees Fahrenheit (60°F.), and at a pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch absolute.
5. The term "Mcf" shall mean one thousand (1,000) cubic feet of Gas.
6. The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of one (1) pound of water one degree Fahrenheit (1°F.) at sixty degrees Fahrenheit (60°F.)
7. The term "total heating value", when applied to a cubic foot of Gas, means the number of British thermal units produced by the combustion in a recording calorimeter at constant pressure, of the amount of Gas which would occupy a volume of One (1) cubic foot at a temperature of sixty degrees Fahrenheit (60°F.), if saturated with water vapor, and under a pressure equal to that of thirty (30) inches of mercury at thirty-two degrees Fahrenheit (32°F.) and under standard gravitation force (acceleration of nine hundred eighty and six hundred sixty-five thousandths (980.665) cm. per second) with air of the same temperature and pressure as the Gas, when the products of combustion are cooled to the initial temperature of the Gas and air, and when the water formed by combustion is condensed to the liquid state.
8. The term "Leases" shall mean and include the Petroleum and Natural Gas Permits and Licenses, the Exploration Permits, the Petroleum and Natural Gas Leases, Petroleum Leases and Natural Gas Leases granted by her Majesty the





Queen in the right of the Province of Alberta with respect to any of the lands described in Schedule "A" attached hereto and made a part hereof, together with all Petroleum and Natural Gas Permits and Licenses, Exploration Permits, Petroleum and Natural Gas Leases, Petroleum Leases and Natural Gas Leases; which may be granted pursuant to, or as a consequence of, or in substitution for any of the foregoing with respect to any of the lands described in Schedule "A" attached hereto and made a part hereof and in addition thereto any other agreement or document by virtue of which the Seller is entitled to own, drill for and produce and sell Gas from any of the said lands described in Schedule "A" attached hereto and made a part hereof.

9. The term "Gas" means natural gas obtained from the wells or the residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents,
10. The term "pipeline gas" means that volume of the Gas delivered in its natural state at the wellhead which remains after the removal of such carbon dioxide, sulphur components, and water vapor which Buyer may remove in its processing and dehydration facilities in order to make such remaining Gas gas of the quality it requires before transmission in its main pipeline, and after the deduction of the volumes of gas used by Buyer as fuel required in such processing facilities up to the volumes deemed to be included in the payment for Gas pursuant to the provisions of Article VI, Section 2, and after removal of any products which may be removed by Seller prior to delivery of Gas to Buyer including any Gas used by Seller as fuel required in such removal process. The pipeline gas contained in the Gas delivered shall be determined from the analyses made pursuant to Section 2 of Article XIII and from measurements of fuel used by Buyer and products removed by Seller prior to delivery and fuel used by Seller in such removal.
11. The term "gallon" means imperial gallon.
12. The term "barrel" means a barrel of thirty-five (35) gallons.
13. The term "GPM" means gallons per Mcf.
14. The term "LPG" means liquefied petroleum gas consisting of propane and/or butane.
15. The term "GPM of LPG" means the GPM of propane and butane.





16. The term "pentanes plus" means pentanes and heavier hydrocarbons.
17. The term "GPM of pentanes plus" means the GPM of pentanes and heavier hydrocarbons.
18. The term "LPM" means pound per Mcf.
19. The term "LPM of sulfur" means the LPM of sulfur.

### ARTICLE III

#### TERM

If not terminated under other provisions hereof, this contract shall remain in force and effect from the date hereof until January 1, 1982.

### ARTICLE IV

#### AVAILABILITY OF GAS

##### 1. Gas Reserves Under Contract:

For the purposes of this Article only the term "Seller" shall be deemed to refer to the parties Seller individually and not collectively.

Seller represents that the Leases covered by this contract may be subject to renewal from time to time as provided in said Leases and Seller is entitled to sell or dispose of its interest in all Gas produced from the lands as described in Schedule "A" hereto attached. Subject to the provisions of this contract, and to the availability of Gas from said Leases, Seller agrees to sell and deliver to Buyer the volumes of Gas to be sold and purchased in accordance with the terms hereof, produced and saved from the lands covered by the Leases as shown on Schedule "A", excepting and reserving, however, the following rights:



- (a) The right to use such Gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require for development of the properties described in Schedule "A", including, but not limited to, the use of Gas for fuel, drilling, development and operating said properties (including repressuring, cycling and pressure maintenance) for the production of oil, Gas or other minerals.
- (b) The right to operate the Leases covered by this contract free from any and all control by Buyer in such manner as Seller, in its sole discretion, deems advisable, including, without limitation, the right to drill new wells, repair or rework old wells, and to abandon any well or wells which Seller deems no longer profitable.
- (c) Seller shall have the right to process, or to have processed for its benefit, the Gas delivered hereunder at any point, it may elect between the field and Buyer's sulphur removal plant, or, at Seller's election, at the discharge of Buyer's sulphur removal plant, provided, that by such processing, the heating value of the "pipeline gas" remaining after processing is not reduced below 1,000 Btu's per cubic foot, and provided that such processing shall be limited to removal of hydrocarbons and only such H<sub>2</sub>S and other components as would be incidental to removal of hydrocarbons. In the event Seller elects to so process such Gas, it shall construct its facilities to receive the Gas at the operating pressure at the point of processing and shall return the Gas to Buyer at or near the point of receipt with a loss



in pressure not to exceed 30 pounds per square inch and at a temperature not to exceed 120° Fahrenheit. Except for such changes of temperature and pressure and for products extracted, Seller shall return the Gas remaining after processing and use by Seller of the necessary fuel, such Gas to be of at least equal quality as the Gas received from Buyer's line prior to processing. Seller shall measure the volumes received from and returned to Buyer in accordance with the standards set forth herein for gas measurement and the volume of "pipeline gas" removed or lost by Seller shall be deducted from the total volume of "pipeline gas" Buyer would otherwise have been obligated to pay for hereunder. Seller shall own and have the right to retain and/or dispose of for its own account any and all products recovered from the Gas by such processing.

- (d) The right to use such Gas produced from any one or more of said Leases, at Seller's option, as Seller may need or require the same for fuel for plants used for processing products for Seller (provided that such processing plants are located in the respective fields comprised in the lands described in Schedule "A", but whether or not the processing plants are owned by other than Seller) or for effecting delivery of the Gas to Buyer, it being recognized by Buyer that Gas so used by Seller, and Gas lost through process shrinkage or gathering operations by Seller is reserved to Seller.





(e) It is the intention of the parties hereto that the maximum quantity of recoverable gas reserves underlying lands covered by Leases described in Schedule "A" shall be a volume equal to one trillion five hundred billion cubic feet of "pipeline gas" as defined in Article II of this contract. Based upon geological information now available, it is considered probable that such recoverable reserves of "pipeline gas" may be in excess of one trillion five hundred billion cubic feet. Therefore, it is agreed that not later than October 1, 1958, and thereafter at the request of either party (but not oftener than once each year) Seller shall make an estimate of the total recoverable reserves of "pipeline gas" underlying the lands described in Schedule "A" as of the date of this agreement, and in the event the estimate of such reserves as made by Seller and approved by Buyer shall exceed one trillion, five hundred billion cubic feet, Seller shall have the right to delete from said Schedule "A", and thereafter from any and all terms of this agreement, the lands described therein to be selected by Seller and approved by Buyer, as shall represent recoverable gas reserves in excess of one trillion, five hundred billion cubic feet. In making the selection of the lands which are to be deleted from Schedule "A", as above provided, consideration shall be given to the following:



- (i) Lands retained in the Schedule and subject to this Agreement shall have as nearly as practicable the average deliverability and underlying gas reserves of the entire lands covered by the Leases described in said Schedule;
- (ii) To as great an extent as possible considering the foregoing, the lands so deleted shall be at not less than equal stages of development as the retained acreage and as nearly as practicable, in solid blocks of contiguous acreage;
- (iii) Subject to the foregoing, the preference should be given to deletion of acreage which will result in the smallest amount of abandonment or changing by Buyer of facilities constructed to take gas hereunder.

In the event the parties hereto shall be unable to agree upon the estimated reserves and/or the acreage to be retained and the acreage to be deleted, such determinations shall be made by an independent geologist or firm of independent geologists to be selected by Buyer from a list of three or more of such geologists or firms of geologists to be submitted by Seller to Buyer in writing.

- (f) The right at all times to sell and dispose of volumes of surplus Gas which Buyer is not purchasing and which Seller, in its sole judgment



and in good faith, considers prudent to establish as a reasonable rate of production of Gas from its fields in order to prevent drainage and to permit Seller to produce its allowable quantity of oil or condensate. Subject to the above, Seller agrees not to sell surplus Gas in quantities which would deplete Seller's reserves to the extent that such reserves of "pipeline gas" equal less than 10,000,000 Mcf for each 1,000 Mcf of the then daily maximum contract quantity of Gas which Seller is obligated to delivery hereunder to Buyer, said 10,000,000 Mcf being reduced by three and sixty-five hundredths per cent (3.65%) as of the end of each calendar year of the term of this contract.

2. Maintenance of Leases:

Seller shall not be required to retain non-producing lands which, in Seller's judgment, appear to be potentially non-productive or that have been condemned by neighboring development, nor to retain any producing lands which, in Seller's judgment, can no longer be operated at a profit. Before releasing any gas lease on any such lands however, Seller shall give Buyer timely notice of such intended release, and , upon demand by Buyer, assign to Buyer its interest in such gas lease (subject to Buyer's assumption of Seller's unaccrued liabilities with respect to the interest assigned), upon payment by Buyer to Seller for Seller's interest in the salvage value of any casing and other equipment of Seller in any well or wells located on the lands covered thereby; provided, that Seller shall not be liable to



Buyer if, by reason of inadvertence, Seller shall fail to maintain any leasehold right or shall fail to give notice to Buyer of its intention to surrender or permit the same to lapse.

3. Limitation to Legal Production:

The volumes of Gas that Seller shall be obligated to deliver to Buyer hereunder shall be limited to volumes of Gas which can be legally produced from the wells located on the lands covered by this contract, less the volumes of Gas excepted and reserved as provided in this contract.

4. Exchange of Acreage:

It is understood that for the purpose of consolidating acreage subject to this contract, Seller shall have the right to exchange any acreage subject to this contract for other acreage having no commitment in conflict with this contract and having underlying gas reserves and potential capacity to deliver Gas at least equal to the underlying gas reserves and potential capacity to deliver Gas of the acreage for which it is exchanged; provided, however, that no such exchange shall be made which will prevent Seller from furnishing Gas to Buyer in accordance with the other provisions of this contract or diminish the amount of the gas reserves available to Buyer under this contract immediately prior to such exchange. Before making any such exchange, Seller shall notify Buyer and, in the event the parties hereto shall be unable to agree concerning the volumes of the underlying gas reserves and the potential capacity to deliver Gas of the acreages to be so exchanged, the determination of the volumes of such reserves and the potential capacity to deliver Gas shall be made by an independent geologist or firm of independent geologists to be selected by Buyer from a list of three or more of such geologists or firms of geologists to be submitted by Seller to Buyer in writing, and the determination made by such geologist or firm





shall be binding upon both parties hereto. The fee of such geologist or firm shall be borne by Seller. Upon such exchange, the gas leases covering acreage covered by this contract and so exchanged shall be released from all provisions of this contract and the gas leases covering the acreage substituted therefor shall become subject to all the provisions of this contract.

5. Substitution of Deliveries:

It is agreed that Seller shall have the right at any time and from time to time to substitute deliveries of Gas produced from lands not subject to this contract for deliveries of Gas hereunder, provided Seller shall deliver such substituted Gas into Buyer's facilities at its own cost and expense and such substituted Gas shall meet the quality requirements of Buyer's facilities at the point of delivery into such facilities. If Seller so elects to make deliveries of Gas, during any period, from lands not subject to this agreement, Seller shall have the right to produce and dispose of (free from the obligations hereunder) an equal volume of Gas from the lands covered by this agreement. Prior to tender of any substitute Gas hereunder, Seller shall notify Buyer of the time, place and volumes to be substituted.

ARTICLE V

SALE AND PURCHASE OF GAS

1. Contract Volumes:

It is the intent of this contract that both Buyer and Seller will use their best endeavours to make deliveries of "pipeline gas" to Buyer hereunder commence by November 1st, 1958, and subject to the provisions of this contract, from and after completion



of construction of Buyer's facilities, but not later than November 1, 1959, Seller agrees to sell and deliver to Buyer and Buyer agrees to purchase and receive from Seller, or pay for whether taken or not, an average daily volume of "pipeline gas" each year (herein referred to as the "contract volume") fixed as follows: For each 10,000,000 Mcf of recoverable reserves of "pipeline gas" underlying lands covered by the Leases described in Schedule "A" dedicated to Buyer hereunder, Buyer will purchase 1,000 Mcf per day, up to an aggregate total of 100,000 Mcf of "pipeline gas" per day. The total average daily purchases, adjusted as of the first of the year following completion of each reserve determination provided for in Subsection (e) of Section 1 of Article IV hereof, shall be the contract volume hereunder; provided, however, that such contract volume shall not be less than an annual volume of Gas equal to ninety per cent (90%) of the total annual volume of Gas purchased for the pipeline from Alberta fields (exclusive of deficiency volumes purchased pursuant to Section 4 of this Article V) multiplied by the maximum day volume obligation set forth in Section 3 of this Article V and divided by the maximum day volume obligation of all sellers under contract to Buyer producing Gas into the pipeline from Alberta fields. The contract volume shall be taken ratably from each of the various delivery points established by Seller.

2. Increased Contract Volumes:

In the event an estimate of the maximum quantity of recoverable pipeline gas reserves underlying lands covered by the leases described in Schedule "A" as made by Seller and approved by Buyer or as established as hereinafter provided shall exceed one trillion cubic feet, Buyer, subject to the conditions hereinafter provided, shall be obligated to purchase and Seller shall be obligated to sell, at the applicable prices hereunder and subject to all the terms and conditions hereto, an additional average daily volume of Gas fixed as follows, which shall increase the contract volume by a like amount.



For each 10,000,000 Mcf of recoverable reserves of pipeline gas in excess of one trillion cubic feet underlying lands covered by the Leases described in Schedule "A" Buyer will purchase 1,000 Mcf per day up to an aggregate total of an additional 50,000 Mcf of pipeline gas per day. The aforesaid rights and obligations shall accrue on the date of the approval or establishment of each new estimate fixing the quantity of recoverable pipeline gas reserves in excess of one trillion cubic feet up to and including one trillion five hundred billion cubic feet. Forthwith upon the approval or establishment of an estimate increasing the recoverable pipeline gas reserves underlying the lands covered by the Leases described in Schedule "A" in excess of one trillion cubic feet, Buyer and Seller shall proceed with diligence in an endeavour to procure the governmental authorizations, if any, required for the export of such additional Gas to be purchased hereunder and Buyer shall proceed with diligence in an endeavour to obtain a market of such additional Gas. Provided however, upon the happening of any one of the following contingencies, to wit:

- (a) the failure of Buyer to procure a market for such additional Gas on or before the expiration of eighteen (18) months from the date of the estimate of additional gas reserves, or
- (b) the failure of Buyer to procure from governmental authorities in Canada on or before the expiration of eighteen months from the date of the estimate of additional gas reserves the necessary authorizations to enable Buyer to serve the market acquired for such additional Gas, or





(c) in the event the principal market available for such additional Gas is sale to a United States customer, the failure of such United States customer to procure from the Federal Power Commission on or before the expiration of eighteen (18) months from the date of the estimate of such additional gas reserves a certificate of Public Convenience and Necessity for the construction and operation of such pipeline facilities in the United States as may be required to take delivery of such additional Gas into the United States and to procure a Presidential permit authorizing United States construction by such United States customer of such facilities as may be required to import such additional Gas into the United States and authorization to import such additional Gas into the United States upon terms and conditions satisfactory to such customer.

Seller shall have the right to terminate its obligation to sell such additional average daily volumes of Gas to Buyer by written notice to be delivered to Buyer at any time within ninety (90) days after the happening of any such contingency and the figure of One trillion Five hundred billion at each place where it appears in Section 1 (e) of Article IV shall be deemed and considered to be a figure equal to Ten billion multiplied by the number of million cubic feet of Gas per day represented by the then existing average daily contract volumes. Provided that, in no event shall termination by Seller of its obligation to sell such additional average daily volume reduce or diminish the average daily volume then being delivered by Seller hereunder.



In the event Buyer and Seller shall be unable to agree upon the quantity of recoverable pipeline gas reserves in excess of one trillion cubic feet underlying lands covered by Leases described in Schedule "A", such determination shall be made by an independent geologist or firm of independent geologists to be selected by Buyer from a list of three or more such geologists or firms of geologists to be submitted by Seller to Buyer in writing.

3. Maximum and Minimum Day Volume Obligations:

The maximum volume of Gas Buyer shall be entitled to purchase and receive in any one (1) day and which Seller, subject to the ability of the wells to produce, shall sell and deliver to Buyer shall be one hundred twenty-five per cent (125%) of the contract volume in effect at the time. In the event Seller is unable for a period of fifteen (15) consecutive days in any calendar year, except for reason of force majeure, to supply the maximum volumes herein specified when Buyer is ready and able to accept same, Buyer shall have the right to reduce the contract volume to eighty percent (80%) of the average daily volume Seller did supply during such fifteen (15) day period; provided, however, that upon Seller remedying or partially remedying the deficiency within the following calendar year, the original contract volume shall be reinstated to the extent of eighty percent (80%) of the maximum volume Seller then demonstrates it can deliver. Buyer agrees that it will purchase and receive not less than sixty-five percent (65%) of the contract volume in any day.

4. Make Up of Deficiencies in Gas Volumes Taken:

Buyer agrees that, beginning on January 1st of each year, in the event the total volume of Gas purchased by Buyer from Seller hereunder during any prior calendar year shall, through no fault of Seller or limitation imposed by law, be less than a



volume equal to the minimum annual volume required to be purchased by Buyer as herein provided, the volume of Gas not so purchased by Buyer during any such calendar year shall be accepted and purchased by Buyer hereunder during the succeeding calendar year and paid for at the price or prices applicable to the date or dates when such Gas shall be delivered, and any such deficiency volumes of Gas not so accepted and purchased during such succeeding calendar year shall be paid for by Buyer at the end of such succeeding calendar year at the price provided in this contract applicable to the volume of Gas delivered on the last day of such succeeding calendar year following that in which the deficiency occurred. Such deficiency volume of Gas accepted and purchased by Buyer during any such succeeding calendar year to make up deficiencies in purchases during the preceding calendar year shall not be deemed to be a part of the annual volume of Gas required to be accepted and purchased by Buyer hereunder during the succeeding calendar year; provided, however, that the Seller shall not be required to deliver Gas at daily rates in excess of the maximum daily rate in effect as specified in Section 3 of this Article V. No Gas delivered during any such succeeding calendar year shall be deemed to be Gas delivered to make up deficiencies in purchases during the preceding year until the Buyer has received the whole of the annual volume of Gas required to be accepted and delivered to Buyer during such succeeding calendar year.

## ARTICLE VI

### PRICE

#### 1. Base Price:

The price to be paid by Buyer to Seller for all Gas delivered hereunder including all of its by-product constituents and for volumes of such Gas which Buyer may become obligated to pay for if not taken shall be as follows:



Per Mcf of Pipeline Gas

<u>Period</u>	<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
From date of first deliveries to the following next January 1st	12¢	13¢	14¢	15¢
Next 3 years	12¢	13¢	14¢	15¢
Next 1 year	12 1/3¢	13 1/3¢	14 1/3¢	15 1/3¢
Next 1 year	13 1/3¢	14 1/3¢	15 1/3¢	16 1/3¢

Thereafter the price specified in each of the above columns shall be increased by 1/3¢ per Mcf at the beginning of each year.

The prices set forth in Column 1 above shall apply to all Gas sold hereunder except during such times as prices set forth in the other columns are applicable as hereinafter set forth.

The prices set forth under Column 2 above shall apply to all Gas sold hereunder:

- (a) In any month of the term hereof during which the contract volume as defined in Article V hereof equals One Hundred and Fifty million cubic feet per day, or
- (b) In any month of the term hereof during which the average daily volume of gas received into the pipeline from sources within an area within Fifty miles of the pipeline or an area within the Province of Alberta bounded on the North by the North line of





Township 26, on the East by the East line of Range 22, West of the 4th Meridian and on the West by the West line of Range 8, West of the 5th Meridian, (both areas are hereinafter called "the Area"), equals 250,000 Mcf per day but is less than 350,000 Mcf per day.

The prices set forth under Column 3 shall apply to all Gas sold hereunder:

- (a) In any month of the term hereof during which the contract volume as defined in Article V hereof equals One Hundred and Fifty million cubic feet per day and during which the average daily volume of gas received into the pipeline from sources within the Area, equals 300,000 Mcf per day but is less than 400,000 Mcf per day.
- (b) In any month of the term hereof during which the average daily volume of gas received into the pipeline from sources within the Area, equals 350,000 Mcf per day but is less than 400,000 Mcf per day.

The prices set forth under Column 4 above shall apply to all Gas sold hereunder:

- (a) In any month of the term hereof during which the average daily volume of gas received into the pipeline from sources within the Area, equals 400,000 Mcf per day or greater.

Having due regard to the overall economics and operation of Buyer's pipeline system, Buyer shall use due diligence in a bona fide effort to arrange for the purchase



of gas from the Area. Buyer shall promptly notify Seller upon reaching each average daily volume which creates a change in the price as set forth above and shall also provide Seller with information required to ascertain the applicable price.

2. Sulphur Plant Fuel:

Subject to the provisions of the next following paragraph, it is understood and agreed that the price paid by Buyer for Gas as set forth in Section 1 of this Article VI, shall include payment for sufficient Gas as may be required for plant fuel for Buyer's sulphur removal plant to process the Gas in the normal operations of such processing plant, not to exceed Five (5%) percent of the then current contract volume. Buyer shall install measuring facilities for the measurement of said plant fuel, which facilities and measurement shall be in conformity with the terms and conditions of Article XI and XII hereof.

It is further understood and agreed that in the event the gross proceeds from the sale of sulphur recovered in said plant from all Gas delivered by Seller during any year average ten cents (10¢) or more per Mcf of pipeline gas delivered hereunder from said plant, Buyer shall pay to Seller for all gas used as fuel in said plant, in addition to the payment for volumes of pipeline gas delivered hereunder, the price then applicable under the provisions of Section 1 of this Article VI.

Buyer shall furnish to Seller each month the volumes of Gas used for plant fuel and as soon after the end of each year as practicable, detailed statements showing the gross proceeds received for sulphur per Mcf of pipeline gas delivered hereunder from the plant, together with payment, if due and owing, for the Gas used as plant fuel.



3. By-products:

In the event Seller does not elect to process Gas delivered hereunder as provided in Subsection (c), Section 1, Article IV hereof, and Buyer constructs a plant for the recovery of liquid hydrocarbons from the Gas delivered hereunder, Buyer shall, in addition to the prices hereinabove set forth, pay Seller for such products recovered, a price per Mcf of Gas delivered to Buyer from Seller's wells based on (i) its pentanes plus content, (ii) its LPG content, (iii) its sulphur content, and (iv) its content of any other material extracted and sold from Buyer's plant or plants. The price per Mcf for Gas based on such content shall be the total of the component prices per Mcf for pentanes plus, LPG, sulphur and other material extracted and sold determined as follows:

- (a) The component price for pentanes plus per Mcf of Gas delivered obtained by multiplying the GPM of pentanes plus by the adjustment for actual monthly plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 3, and by the average price for pentanes plus being received by Buyer, F.O.B. its Gas Processing Plant. The adjustment for actual monthly plant production hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of pentanes plus during the month and the denominator of which shall be the sum of the pentanes plus contained in the Gas delivered by all sellers and processed in such plant during the month.
- (b) The component price of LPG per Mcf of Gas delivered obtained by multiplying the GPM of LPG by the adjustment for actual monthly





plant production as hereinafter defined, by the applicable percentage set forth in Subsection (e) of this Section 3 and by the average price for LPG being received by Buyer, F.O.B. its Gas Processing Plant. The adjustment for actual monthly plant production as hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of LPG during the month and the denominator of which shall be the sum of the LPG contained in the Gas delivered by all sellers and processed in such plant during the month.

- (c) The component price for sulphur per Mcf of gas delivered obtained by multiplying the LPM of sulphur by the adjustment for actual monthly plant production as hereinafter defined by the applicable percentage set forth in Subsection (e) of this Section 3, and by the average price for sulphur being received by Buyer, F.O.B. its Gas Processing Plant and/or its sulphur removal plant. The adjustment for actual monthly plant production hereinbefore mentioned shall be a fraction, the numerator of which shall be the actual net plant production of sulphur during the month and the denominator of which shall be the sum of the sulphur contained in the Gas delivered by all sellers and processed in such plant or plants during the month.

- (d) The component price for other materials extracted and sold per Mcf of Gas delivered shall be determined in a manner comparable with the provisions of Subsections (a), (b), and (c) of this Section 3.



- (e) The applicable percentage to be employed in Subsections (a), (b), (c) and (d) of this Section 3 for the Gas delivered hereunder at each delivery point shall be as follows:

<u>GPM of Pentanes Plus in Gas</u>	<u>Applicable Percentage</u>
Less than 0.25	-0
Equal to 0.25 but less than 0.50	37%
Equal to 0.50 but less than 0.75	38%
Equal to 0.75 but less than 1.00	39%
Equal to or more than 1.00	40%

4. Currency:

Except for Gas payments based upon by-product content, which shall be payable in Canadian currency without adjustment for difference in exchange rates, the following shall apply to payments to be made hereunder by Buyer to Seller:

- (a) During such monthly period or periods as the monthly average of the daily selling rate of Canadian currency in United States currency as published at Twelve o'clock (12:00) noon Eastern Standard Time or Eastern Daylight Time, as the case may be, by the Bank of Montreal, The Royal Bank of Canada and the Canadian Bank of Commerce, for the sale of Canadian currency in United States currency at the City of Montreal, Canada, is not more than One Hundred and Five United States Cents (105¢) or not less than Ninety-five United States Cents (95¢) for One Canadian Dollar (\$1.00), then the total quantity of Gas delivered by the Seller to the Buyer in such



month or months shall be considered sold and purchased at the prices provided for herein in Canadian currency.

(b) During such monthly period or periods as the monthly average selling rate determined as provided in paragraph (a) above for the sale of Canadian currency for the United States currency is:

(i) In excess of One Hundred and Five United States Cents (105¢) and is not more than One Hundred and Ten United States Cents (110¢) for One Canadian Dollar (\$1.00); or

(ii) Less than Ninety-five United States Cents (95¢) but not less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00);

then the total quantity of Gas delivered by Seller to Buyer in each such month, subject to the provisions of Subsection (e) of this Section 4 shall be considered sold and purchased at the price in Canadian currency calculated as follows:

LET:	Pc	=	price payable in Canadian currency during the month;
	C	=	the volume of Gas sold by Buyer out of the Pipeline during such month to purchasers for use in Canada;
	US	=	the volume of Gas sold by Buyer out of the pipeline during such month to purchasers for use in the United States;



P = price in the contract;

E = the average daily selling rate for Canadian currency in the United States currency during such month determined in accordance with the provisions of paragraph (a) above;

THEN:

In the case of (i):

$$P_c = \frac{C \times P}{C + US} + \frac{105 \times P \times US}{E (C + US)}$$

In the case of (ii):

$$P_c = \frac{C \times P}{C + US} + \frac{95 \times P \times US}{E (C + US)}$$

- (c) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten United States Cents (110¢) or is less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00) for nonconsecutive months or for less than three (3) consecutive months, the price payable by Buyer to Seller for Gas delivered hereunder during such periods of time shall be adjusted in accordance with the formula set forth in Subsection (b) of this Section 4.
- (d) In the event that such average selling rate for Canadian currency in United States currency exceeds One Hundred and Ten United States Cents (110¢) or is less than Ninety United States Cents (90¢) for One Canadian Dollar (\$1.00) for at least three (3) consecutive monthly periods, then the price payable by Buyer to Seller





as herein provided for such monthly periods and as long thereafter as such currency selling rates prevail, shall be renegotiated between Buyer and Seller, provided, however, that pending completion of such renegotiation the price payable by Buyer to Seller shall be calculated in accordance with the provisions of paragraph (b) hereof on the applicable basis as herein provided. The price agreed upon after such renegotiation shall be retroactive to the monthly periods during which the daily average selling rate for Canadian currency exceeded One Hundred and Ten United States Cents (110¢) or was less than Ninety United States Cents (90¢) for one Canadian Dollar (\$1.00), and the payments between the Buyer and Seller shall be adjusted accordingly. If the parties are unable to negotiate such price within six (6) months, then Seller may, upon three (3) months' written notice to Buyer, terminate this contract.

- (e) In no event shall the value of "Pc" as calculated under the provisions of Subsections (b), (c) and (d) (for the period pending negotiation as provided therein) of this Section 4 exceed or be less than the value of "P", as the case may be, by more than One Cent (1¢) per Mcf of Gas delivered hereunder.

5. Adjustment Upon Alteration of Buyer's Resale Price:

If Buyer shall voluntarily grant, either directly or indirectly, a reduction in the price at which Pacific Northwest has contracted to purchase Gas for delivery



at the delivery point described in Article 1, Section 2, of this contract, such reduction shall operate to automatically increase the price to be paid hereunder as above provided by an equal amount per Mcf, effective at the same time as the reduction to Pacific Northwest becomes effective. In the event Pacific Northwest shall grant Buyer any increase in said resale price, Buyer will at the request of Seller, following the date on which payments become due for first deliveries of Gas delivered hereunder, having regard to the circumstances under which Buyer obtains any such increase, pass on to Seller hereunder an increase equal to 50% of the amount of such increase per Mcf, to be effective at the same time as the increase granted to Buyer.

6. Price Accuracy:

All calculations with respect to the price of Gas shall be carried to the nearest one-hundredth of a cent.

ARTICLE VII

FAVORED NATIONS

In the event Buyer shall enter into any contracts for the purchase of Gas with any producer or producers of gas, and actually take delivery of and pay for gas in Western Canada during the term of this contract, upon terms more favorable to such producer or producers than the terms hereof, Seller shall have the right upon notice in writing to the Buyer to have this contract modified so as to make applicable to the sale and purchase of Gas hereunder such more favorable terms as are contained in the said contracts with said producer or producers. Buyer shall forthwith upon completion of any contracts with any producer or producers of gas as aforesaid, serve upon the Seller a true copy of each such contract.



ARTICLE VIII

ROYALTIES AND TAXES

1. Royalties:

Seller shall be responsible for and shall pay all royalties, levies, assessments, or charges of a like nature payable to any Dominion, Provincial, Municipal or other authority or to any other person on or in respect of the Gas or by-products, if any, sold by Seller hereunder.

2. Taxes:

Seller shall pay all property taxes on its Leases and facilities and all present gross production taxes, severance taxes and other excise taxes upon or in respect of the Gas delivered hereunder up to the point of delivery of the Gas to Buyer. All increases in such present gross production taxes, severance taxes and excise taxes upon or in respect to the total volume of Gas delivered hereunder or the production or handling thereof up to the point of delivery of the Gas to Buyer, required to be paid by Seller, shall be borne three-quarters (3/4) by the Buyer and one-quarter (1/4) by the Seller. Excise taxes as used in this paragraph shall not include any taxes based on income, profits or the right to exercise the corporate franchises of Seller, all of which and all increases of which shall be paid by Seller.

ARTICLE IX

DELIVERY POINTS AND PRESSURE

1. Delivery Points:

The point or points of delivery for all Gas sold and delivered hereunder (other than volumes substitutes and delivered pursuant to Article IV, Section 5) shall be at the





wellheads of Seller's wells or at the outlet of any separating equipment which may be installed by Seller for the separation of liquid from the Gas prior to delivery hereunder.

2. Delivery Pressure:

Seller shall deliver the Gas from each well at the maximum safe pressure available therefrom under the conditions of flow required to make the deliveries contemplated hereunder.

ARTICLE X

QUALITY

1. Specifications for Gas delivered:

The Gas to be sold and delivered hereunder shall, except for the right of Seller to process the Gas for the extraction of liquid hydrocarbons, be of the quality existing as the Gas is produced from the various wells from which delivery is made. In the event the "pipeline gas" delivered hereunder during any month contains less than an average of 1,000 Btu's per cubic foot, Buyer may reduce the price set forth in Article VI, Section 1, of this contract by .10% for each Btu that the average of the pipeline gas actually delivered during said month registers below 1,000 Btu's.

ARTICLE XI

MEASUREMENT

1. Unit of Volume:

The unit of volume of Gas for all purposes hereunder (except for computation of heating value under the provisions of Section 7 of Article II hereof) shall be



one (1) cubic foot at an absolute pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch at a temperature of sixty degrees Fahrenheit (60°F.), computed in accordance with Boyle's Law governing pressure and volume of gases (with corrections for deviation as hereinafter provided).

2. Determination of Volume:

The volume of Gas delivered hereunder shall be measured by an orifice meter or meters and shall be computed in accordance with the methods prescribed in Gas Measurement Committee Report No. 2, Natural Gas Department, American Gas Association, including the Appendix thereto, as published May 6, 1935, and revised in 1948.

3. Deviation from Boyle's Law:

The deviation of the Gas from Boyle's Law at the pressures and temperatures at which the Gas is metered shall be determined by tests or analyses each six (6) months. The method of making such tests or analyses shall be determined by mutual agreement, but in the event of the inability of the parties to agree, shall be made by a laboratory selected by the parties, whose tests or analyses shall be accepted as final. The results of each such determination shall be used in computing the volumes of Gas delivered hereunder during the six (6) calendar months next following the taking of the sample from which such determination is made.

4. Specific Gravity:

The specific gravity of the Gas delivered hereunder shall be determined by the method prescribed in American Petroleum Institute Code No. 50-A at the beginning of delivery, and thereafter as frequently as is found expedient in practice, at the respective



points where the Gas is metered hereunder, and the results of the determination of each point shall be used in computing the volumes of Gas metered at such point.

5. Flowing Temperature:

The flowing temperature of the Gas in the meters shall be determined by means of recording thermometers to be installed in accordance with the recommendations contained in the said Gas Measurement Report No. 2 and the arithmetic average temperature each day shall be used in computing the deliveries of Gas during such day.

6. Assumed Atmospheric Pressure:

The average absolute atmospheric pressure shall be assumed to be thirteen and four-tenths (13.4) pounds per square inch, irrespective of the actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

7. Heating Value:

The heating value of the Gas delivered hereunder shall be determined by such means as shall be mutually satisfactory to the Buyer and the Seller.

ARTICLE XII

MEASURING EQUIPMENT

1. Buyer's Measuring Stations:

Buyer shall install, maintain and operate at the delivery points, at its own expense, suitable orifice type meters and other equipment necessary for the measurement of the volumes and temperatures of the Gas delivered hereunder, and shall also provide for the



determination of heating values of all Gas delivered hereunder. Seller shall have access to the measuring equipment of the Buyer at all reasonable hours, but the calibrating and adjusting of the measuring equipment, and the changing of charts, shall be done only by the Buyer.

2. Buyer's Residue Gas Measuring Station:

Buyer also shall install, maintain and operate, at its own expense, suitable orifice type meter or meters and other equipment necessary for the measurement of the volumes and temperatures of all residue Gas produced from any plant which Buyer may construct for the purpose of treating or processing the Gas delivered hereunder. Seller shall have access to the measuring equipment of the Buyer at all reasonable hours, but the calibrating and adjusting of the measuring equipment, and the changing of charts, shall be done only by the Buyer.

3. Check Measuring Equipment:

Either party may install, maintain and operate, at its own expense check measuring equipment as desired, for the purpose of checking the other party's measuring equipment only, provided that such equipment shall be so installed as to not interfere with the operation of the other's measuring equipment.

4. Right to be Present:

Either party shall each have the right to be present at the installation, testing, cleaning, changing, repairing, inspecting, calibrating or adjusting, done in connection with the other party's measuring equipment used in measuring the Gas deliveries hereunder, and each shall be given reasonable notice thereof in order that the other may be present.





5. Calibration and Test of Meters:

The accuracy of the measuring equipment shall be verified at reasonable intervals, and whenever requested by Buyer or Seller. If upon such verification the measuring equipment shall be found to be registering correctly, the cost of such verification shall be charged to, and borne by, the party requesting the same; otherwise the cost of all such verifications shall be borne by the other party.

If, upon any test, measuring equipment is found to be not more than two per cent (2%) fast or slow, previous readings of such equipment shall be considered correct in computing the deliveries of Gas hereunder, but such equipment shall be adjusted properly at once to record accurately. If upon any test, any measuring equipment shall be found to be inaccurate by an amount exceeding two percent (2%) , then any previous readings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test, but not exceeding a period of fifteen (15) days.

6. Correction of Metering Errors:

In the event the measuring equipment is out of service or out of repair so that the quantity of Gas delivered is not correctly indicated by the reading thereof, the Gas delivered through the period such measuring equipment is out of service or out of repair shall be estimated and agreed upon on the basis of the best data available, using the first of the following methods which is feasible:



- (a) By using the registration of any check measuring equipment if installed and accurately registering; or
- (b) By correcting the error if the percentage of error is ascertained by calibration, test or mathematical calculations; or
- (c) By estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter was registering accurately.

7. Preservation of Records:

Both Buyer and Seller shall cause to be preserved for a period of at least one (1) year, all test data, charts, and other records of Gas measurements. Either party desiring to preserve any records for a longer period may require the other party to deliver over to it such records which shall then be retained at the expense of such party desiring the same.

ARTICLE XIII

STATEMENTS AND PAYMENTS

1. Accounting By Buyer:

Buyer shall, on or before the twentieth (20th) day of each calendar month, furnish Seller with a statement showing the monies due Seller hereunder for the preceding month. The statement shall include the volumes of total Gas and of "pipeline gas" delivered at each delivery point and, when applicable, the allocation to each delivery point of pentanes plus, LPG, sulphur, and any other material extracted and saved, and the payment



payable therefor according to the procedure set forth in Section 2 and 3 of this Article XIII. Statements rendered in January of each year shall include a statement of monies due, if any, by reason of Buyer's failure to take the full amount of deficiency volumes required to be made up, if at all, during the preceding year, showing the deficiency volumes not taken and how the price, or prices, applicable to such deficiency volumes was determined.

2. Analyses:

Buyer shall, in the presence of a representative of Seller, from time to time and as frequently as is found expedient in practice, but not more often than once a year, conduct such tests and measurements and determine and agree with the Seller upon the average analysis of Gas delivered at each delivery point.

The tests and measurements shall be carried out in a manner mutually acceptable to Seller and Buyer; the analyses shall be made by Buyer by the low temperature fractional distillation method, or some other improved method acceptable to both Seller and Buyer, and such measurements, tests and analyses shall determine the Gas volume percentage composition of the Gas from which the following factors shall be computed:

- (a) The GPM of LPG;
- (b) The GPM of pentanes plus;
- (c) The LPM of sulphur;
- (d) The content of any other material being extracted and saved;
- (e) The percentages of "pipeline gas" contained in the Gas delivered.

3. Allocation of Residue Gas:

If Buyer constructs a plant for recovery of hydrocarbons, the allocation





of residue Gas from Buyer's plant shall be made to each delivery point delivering Gas to Buyer's plant in the proportion that the Gas delivered during such month from each such delivery point bears to the total Gas delivered to said plant in such month.

4. Payment:

Full payment for all Gas delivered to Buyer hereunder during each calendar month shall be made by Buyer to Seller on or before the twenty-fifth (25th) day of the following month. All payments accruing to Seller hereunder shall be made to Phillips Petroleum Company at its Calgary office or such other place in Canada or the United States as it shall designate. Seller may, from time to time, designate another person, firm or corporation to accept payments hereunder, such designation to be made in writing, and from and after receipt by Buyer of such new designation, Buyer shall thereafter make such payments to such person, firm or corporation.

ARTICLE XIV

ESTIMATES OF REQUIREMENTS

In order to enable Seller to conduct its operations properly, Buyer shall notify Seller each month of its estimates of requirements of Gas during each of the following six (6) months, which estimates shall not be inconsistent with the provisions of this contract, Buyer shall use its best judgement and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

ARTICLE XV

POSSESSION OF GAS



1. Point of Delivery Controls:

As between the parties to this agreement, Seller shall be deemed to be in control and possession of the Gas deliverable thereunder until it shall have been delivered to Buyer at the point of delivery, after which Buyer shall be deemed to be in control and possession thereof.

2. Responsibility:

Buyer shall have no responsibility with respect to any Gas deliverable under this agreement until it is delivered to Buyer, or on account of anything which may be done, happen or arise with respect to such Gas before such delivery, and Seller shall have no responsibility with respect to such Gas after its delivery to Buyer or on account of anything which may be done, happen or arise with respect to such Gas after such delivery.

ARTICLE XVI

WARRANTY AND TITLE OF GAS

Seller warrants generally the title to all Gas delivered to Buyer hereunder and its right to sell the same, and warrants that such Gas shall be free and clear of all liens and adverse claims.

ARTICLE XVII

FORCE MAJEURE



No failure or delay in performance of this contract by either party hereto shall be deemed to be a breach of this contract when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, acts of the Queen's enemies, wars, sabotage, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, temporary failure of gas supply because of freezing of wells or delivery facilities or hydrate obstructions of pipe, inability to obtain pipe, materials or equipments, the binding order of any Court or Governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension; provided, that no cause or contingency shall relieve Buyer of its obligation to make payments due hereunder.

### ARTICLE XVIII

#### MISCELLANEOUS

##### 1. Nonwaiver of Future Default:

No waiver by either party of any one or more defaults by the other in the performance of any of the provisions of this contract shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or a different character.

##### 2. Notices:

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this contract, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as fully delivered when mailed by registered mail to the post office address of either of the parties hereto, as the case may be, as follows:



SELLER:

Phillips  
Natural Gas Department  
Phillips Petroleum Company  
Bartlesville, Oklahoma  
U. S. A.

with carbon copy to

Natural Gas Department  
Phillips Petroleum Company  
Calgary, Alberta  
Canada

Northern  
Northern Natural Gas Producing Company  
2nd Floor, 505 - 8th Ave. W.  
Calgary, Alberta  
Canada

Husky  
Husky Oil and Refining Ltd.  
815 - 6th Street S.W.  
Calgary, Alberta  
Canada

Canada Western  
Canada Western Distributors Ltd.  
815 - 6th Street S.W.  
Calgary, Alberta.  
Canada

Anaconda  
Anaconda Petroleum Limited  
1525 Bank of the Southwest Building  
Houston 2, Texas  
U. S. A.

Savanna  
Savanna Creek Gas & Oil Limited  
1525 Bank of the Southwest Building  
Houston 2, Texas  
U. S. A.

BUYER:

Westcoast Transmission Company Limited  
700 Pacific Building  
Calgary, Alberta  
Canada





or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as fully delivered when mailed by either registered or ordinary mail.

3. Examination of Records:

Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this contract.

4. Compliance with Laws:

This contract and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.

5. Assignment:

No party hereto shall assign this contract or any of its rights or obligations hereunder without the consent in writing of the other parties, provided, that any one of Seller may, without such consent, assign this contract and all its rights and obligations hereunder to any party which shall acquire all of its interest in the Leases in the lands comprised in Schedule "A" hereto, and Buyer may, without such consent, assign this contract and all its rights and obligations hereunder to any party which shall acquire all the gas pipeline system of Buyer, including Buyer's interest in the plant in which the Gas delivered hereunder may be processed. The provisions of this Section 5 shall not be construed to prohibit either party,



without the consent of the other party, from mortgaging or pledging this contract or its rights hereunder to secure the payment of any bonds or other indebtedness of such party nor shall the limitations of this section apply where any party hereto desires to dispose of its entire interest by merger, reorganization, consolidation or sale of its assets or sale of its interest hereunder to a subsidiary or parent company or a subsidiary of a parent company or to any company in which a party hereto owns a majority of the stock.

6. Modification:

There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.

7. Provincial Laws:

This contract shall be construed in accordance with the laws of the Province of Alberta.

8. Furnishing of Information:

On request of Buyer, Seller shall furnish Buyer in writing with such information as Seller may possess with respect to the gas wells located on the acreage covered by this contract, their production, history, their capacity to produce, pressures, flow characteristics, and any other information relating to the wells or to the acreage covered by this contract which Buyer may reasonably specify.

ARTICLE XIX

REVOCATION OF PREVIOUS AGREEMENTS



This Agreement cancels, revokes and supersedes the Savanna Creek Gas Purchase Agreement made between Buyer and Phillips dated the 22nd day of October, 1956 and the Amendment to Savanna Creek Gas Purchase Agreement made between Buyer and Phillips dated the 15th day of February, 1957.

This Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument with like effect as if all parties signing counterparts hereof had signed the same counterpart and this Agreement shall bind each party upon execution of a counterpart hereof by such party.

IN WITNESS WHEREOF, the parties hereto have hereunto caused their respective corporate seals to be affixed, attested by the hands of their proper officers duly authorized in that behalf, that day and year first above written.

ATTEST:

PHILLIPS PETROLEUM COMPANY

'J. F. Kinslow'

Assistant Secretary

'K. E. Beall'

Vice-President

ATTEST:

NORTHERN NATURAL GAS PRODUCING COMPANY

'B. H. Harper'

Secretary

'John M. Hanley'

Vice-President

HUSKY OIL AND REFINING LTD.

'W. E. Powell'

Vice-President, Exploration & Production

'R. G. P. MacLellan'

Assistant Secretary





CANADA WESTERN DISTRIBUTORS LTD.

'W. E. Powell'

Vice-President, Exploration & Production

'D. Cowper-Smith'

Assistant Secretary

ANACONDA PETROLEUM LIMITED

'Robert D. Brown'

President

'Samuel M. Sprunt'

Vice-President

SAVANNA CREEK GAS & OIL LIMITED

'Robert D. Brown'

President

'Emmett A. Vaughey'

Vice-President

WESTCOAST TRANSMISSION COMPANY LIMITED

'Chas. R. Hetherington'

'A. P. Bowsher'



STATE OF OKLAHOMA            )  
  ) ss.  
COUNTY OF WASHINGTON )

Before me, Ernestine E. Miller, a notary public in and for said state, on the 24th day of July, 1957, personally appeared K. E. Beall, to me known to be the identical person who subscribed the name of PHILLIPS PETROLEUM COMPANY, the maker thereof, to the foregoing instrument as its Vice President, and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation for the uses and purposes therein set forth.

"Ernestine E. Miller"

Notary Public

"SEAL"

My commission expires:

November 1, 1960



PROVINCE OF ALBERTA

CANADA

On this 22nd day of July, 1957, before me appeared W. Eugne Powell, to me personally known, who, being by me duly sworn, did say that he is Vice President of Husky Oil & Refining Ltd., that the seal affixed to the above and foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said W. Eugne Powell acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and official seal the day and year first herein written.

SEAL

"D. Cowper-Smith"

A Notary Public in and for the Province of Alberta

PROVINCE OF ALBERTA

CANADA

On this 22nd day of July, 1957, before me appeared W. Eugene Powell, to me personally known, who, being by me duly sworn, did say that he is Vice President of Canada Western Distributors Ltd., that the seal affixed to the above and foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said W. Eugene Powell acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and official seal the day and year first herein written.

SEAL

"D. Cowper-Smith"

A Notary Public in and for the Province of Alberta



SCHEDULE "A" TO THE GAS PURCHASE AGREEMENT  
THE 1st DAY OF AUGUST A.D., 1957.

<u>PERMIT OR LEASE NO.</u>	<u>DATE ISSUED</u>	<u>GROSS ACRES</u>	<u>WORKING INTEREST OWNERSHIP</u>	<u>DATE OF PARTNERSHIP AGREEMENT</u>
Crown Reserve Drilling Reservation #68	June 2, 1955	9,600.00	Phillips Petroleum Company (operator) 27.50%	July 14, 1954
Reservation of Petroleum & Natural Gas Rights #1426	May 21, 1951	58,880.00	Northern Natural Gas Producing Co. 32.50%	
Crown Petroleum & Natural Gas Lease #98886	Dec. 22, 1953	5,120.00	Husky Oil and Refining Ltd. 21.25%	
Crown Petroleum & Natural Gas Lease #98887	Dec. 22, 1953	3,200.00	Canada Western Distributors Ltd. 11.25%	
Crown Petroleum & Natural Gas Lease #98888	Dec. 22, 1953	1,280.00	Anaconda Petroleum Limited 5.00%	
	TOTAL	78,080.00	Savanna Creek Gas & Oil Limited 2.50%	
			TOTAL	100.00%





SCHEDULE "A" TO THE GAS PURCHASE AGREEMENT  
THE 1st DAY OF AUGUST A.D., 1957.

<u>PERMIT OR LEASE NO.</u>	<u>DATE ISSUED</u>	<u>GROSS ACRES</u>	<u>WORKING INTEREST OWNERSHIP</u>	<u>DATE OF PARTNERSHIP AGREEMENT</u>
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Crown Petroleum & Natural Gas Lease #98886	Dec. 22, 1953	5,120.00	Husky Oil and Refining Ltd. 21.25%	
Crown Petroleum & Natural Gas Lease #98887	Dec. 22, 1953	3,200.00	Canada Western Distributors Ltd. 11.25%	
Crown Petroleum & Natural Gas Lease #98888	Dec. 22, 1953	1,280.00	Anaconda Petroleum Limited 5.00%	
	TOTAL	78,080.00	Savanna Creek Gas & Oil Limited 2.50%	
			TOTAL	100.00%



PROVINCE OF ALBERTA

CANADA

On this 22nd day of July, 1957, before me appeared W. Eugene Powell, to me personally known, who, being by me duly sworn, did say that he is Vice President of Husky Oil & Refining Ltd., that the seal affixed to the above and foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said W. Eugene Powell acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and official seal the day and year first herein written.

SEAL

"D. Cowper-Smith"

A Notary Public in and for the Province of Alberta

PROVINCE OF ALBERTA

CANADA

On this 22nd day of July, 1957, before me appeared W. Eugene Powell, to me personally known, who, being by me duly sworn, did say that he is Vice President of Canada Western Distributors Ltd., that the seal affixed to the above and foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said W. Eugene Powell acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and official seal the day and year first herein written.

SEAL

"D. Cowper-Smith"

A Notary Public in and for the Province of Alberta



STATE OF OKLAHOMA            )  
  ) ss.  
COUNTY OF WASHINGTON )

Before me, Ernestine E. Miller, a notary public in and for said state, on the 24th day of July, 1957, personally appeared K.E. Beall, to me known to be the identical person who subscribed the name of PHILLIPS PETROLEUM COMPANY, the maker thereof, to the foregoing instrument as its Vice President, and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation for the uses and purposes therein set forth.

"Ernestine E. Miller"

Notary Public

"SEAL"

My commission expires:

November 1, 1960









# WESTCOAST TRANSMISSION COMPANY LIMITED

700 PACIFIC BUILDING

CALGARY, ALBERTA

August 1, 1957.

Phillips Petroleum Company,  
Natural Gas Department,  
Bartlesville, Oklahoma

Northern Natural Gas Producing Company  
2nd Floor, 505 - 8th Ave. W.  
Calgary, Alberta

Husky Oil and Refining Ltd.  
815 - 6th Street S.W.  
Calgary, Alberta

Canada Western Distributors Ltd.  
815 - 6th Street S.W.  
Calgary, Alberta

Anaconda Petroleum Limited  
1525 Bank of the South West Building  
Houston 2, Texas

Savanna Creek Gas & Oil Limited  
1525 Bank of the South West Building  
Houston 2, Texas

Dear Sirs:

Concurrently herewith, the above companies (hereinafter called "Seller"), are entering into a Gas Purchase Agreement with Westcoast Transmission Company Limited, (hereinafter called "Westcoast"), for the sale and purchase of gas to be produced from the Savanna Creek field, all in accordance with the terms hereof. Westcoast plans to own an interest either directly or through a subsidiary in a plant to manufacture sulphur from the gas delivered under this Gas Purchase Agreement and has entered into arrangements with Jefferson Lake Sulphur Company for sale of the sulphur produced.



- 2 -

Westcoast hereby grants or will cause to be granted to Seller, or any of them, the continuing right to purchase all or any portion of its interest in any such sulphur whether held directly or through a subsidiary which it has not otherwise contracted on terms and conditions no less favorable to Seller than the terms and conditions (irrespective of volume) under which sulphur produced from the gas delivered under the Gas Purchase Agreement is sold by Jefferson Lake Sulphur Company to others.

Very truly yours,

WESTCOAST TRANSMISSION COMPANY LIMITED

"Chas. R. Hetherington"









August 1, 1957

Phillips Petroleum Company  
Natural Gas Department  
Bartlesville, Oklahoma.

Northern Natural Gas Producing Company  
2nd Floor, 505 - 8th Ave. West  
Calgary, Alberta

Husky Oil and Refining Ltd.  
815 - 6th Street S.W.  
Calgary, Alberta

Canada Western Distributors Ltd.  
607 - 4th Street S.W.  
Calgary, Alberta

Anaconda Petroleum Limited  
1525 Bank of the Southwest Building  
Houston 2, Texas

Savanna Creek Gas & Oil Limited  
1525 Bank of the Southwest Building  
Houston 2, Texas

Dear Sirs:

Concurrently herewith, the above companies (hereinafter called "Seller"), are entering into a Gas Purchase Agreement with Westcoast Transmission Company Limited, (hereinafter called "Westcoast"), for the sale and purchase of gas to be produced from the Savanna Creek Field, all in accordance with the terms hereof.

Under this Agreement Westcoast will take delivery of and title to raw gas, including all constituents thereof, at the wellhead or at the outlet of any separating



equipment installed by the Seller. The price to be paid by Westcoast for such raw gas is a price per Mcf of residue gas computed to compensate Seller for the sale of residue gas, certain plant fuel gas and sulphur. If Westcoast extracts hydrocarbon by-products in a plant and sells the same it will further compensate Seller by the payment of a separate by-product price as provided in the Agreement. The Agreement provides that Seller shall be responsible for and pay all royalties in respect to the gas or by-products, if any, sold by Seller under the Agreement.

Westcoast hereby agrees that it shall indemnify and save harmless Seller from and against the payment of any and all royalties that may be levied on that portion of the by-products produced by Westcoast or its agents from raw gas delivered under the Agreement for which payment has been made in full and which is not returned to Seller as a part of the price to be paid for gas as provided under the Agreement.

To the knowledge of Westcoast this is the first Agreement entered into in Canada in which raw gas, including all constituents thereof, will be purchased and paid for at a single price based solely on the volume of residue gas produced. Agreements in Canada have provided a multiple payment based on a) the residue gas delivered and b) a portion of the by-products produced from the Plant.

Should Westcoast be subjected to payment of royalty levied on that portion of the by-products manufactured by Westcoast, or its agents, from raw gas delivered under the Agreement for which payment has been made in full and which is not returned to Seller as a part of the price to be paid for gas, then the Seller hereby agrees that it will negotiate with Westcoast in good faith in an endeavor to modify the Agreement to provide for a multiple price which will net the Seller the same amount of money as it would otherwise obtain under the Agreement as presently written.

If this letter correctly sets forth the understanding between our respective Companies, will you please acknowledge same by signing all the attached seven copies and retaining one fully signed copy for your files.

Very truly yours,

WESTCOAST TRANSMISSION COMPANY LIMITED

By "Chas. R. Hetherington"



ACCEPTED AND AGREED TO THIS 30th

DAY OF AUGUST, 1957

PHILLIPS PETROLEUM COMPANY

"K.E. Beall"

---

Vice President

NORTHERN NATURAL GAS PRODUCING COMPANY

"John M. Hanley"

---

Vice President

HUSKY OIL AND REFINING LTD.

"W.E. Powell"

CANADA WESTERN DISTRIBUTORS LTD.

"W.E. Powell"

ANACONDA PETROLEUM LIMITED

"Robert D. Brown"

SAVANNA CREEK GAS & OIL LIMITED

"Robert D. Brown"









# WESTCOAST TRANSMISSION COMPANY LIMITED

700 PACIFIC BUILDING

CALGARY, ALBERTA

June 18, 1957

Jefferson Lake Sulphur Company,  
Whitney Building,  
New Orleans, Louisiana, U. S. A.

Gentlemen:

You have advised us that your Company is carrying on exploration for natural gas in the area known as the East Calgary Field in the Province of Alberta. Based on presently completed wells and other data, your preliminary estimate is that there is available to you a recoverable reserve of in excess of 500 billion cubic feet of pipeline natural gas in the field.

Westcoast Transmission Company Limited (Westcoast) hereby offers to purchase from you an average volume of 50 million cubic feet of natural gas per day (hereinafter referred to as the "Initial Volume"), subject to a maximum day take of 125% of such average volume and a minimum day take of 65% of such average volume, to be delivered at a central point in the field at the outlet of a processing plant to be constructed and operated by you, at a delivery pressure of not less than 900 pounds per square inch gauge. The gas to be delivered to Westcoast is to be dehydrated processed dry pipeline gas with a Btu content of not less than 1,000 Btu's per cubic foot, and with not more than four pounds of water vapor per million cubic feet of gas and not more than one-quarter grain of sulphur per 100 cubic feet. The term of delivery shall be not less than Twenty (20) years.

Westcoast offers to pay for such gas a price per Mcf measured at 15.025 pounds per square inch and Sixty Degrees (60°F.) Fahrenheit, as follows:

First year:	14¢
Second year:	14 1/2¢
Third year:	15¢
Fourth year:	15 1/4¢

And each year thereafter commencing with the Fifth year up to and including the Twentieth year of deliveries, the said price of 15 1/4¢ shall be progressively increased at the rate of 1/4¢ per year.



Jefferson Lake Sulphur Company

- 2 -

June 18, 1957

It is understood Westcoast and your Company will use their best efforts to deliver and accept the Initial Volume of natural gas provided for hereunder commencing November 1, 1958, it being agreed, however, that in any event such deliveries shall commence not later than November 1, 1959.

You have advised us that it is probable that the recoverable reserve available to you in the East Calgary Field will be in excess of 500 billion cubic feet of natural gas, and that you desire to sell gas in addition to the Initial Volume to Westcoast if such can be proved to be available, under the same terms and conditions as outlined herein for the purchase of the Initial Volume of 50 million cubic feet of natural gas per day. Westcoast desires to purchase such gas up to an additional average volume of 50 million cubic feet per day. It is understood that upon notice from you of the establishment of additional reserves in the said field, Westcoast shall have the continuing right and obligation for a period of Eighteen (18) months from the date of such notice to purchase such additional volumes of natural gas on the basis of an average volume of one million cubic feet per day for each ten billion cubic feet of additional reserves established in the said field, up to an additional average volume of 50 million cubic feet of natural gas per day, at the same price and upon the same terms and conditions as set out herein, and in the agreement to be entered into hereunder, subject only to the obtaining by your Company and Westcoast of the necessary Governmental and Regulatory permits and authorizations required to enable them to make and take delivery of the said additional volumes of natural gas within such Eighteen (18) months period.

Both your Company and Westcoast recognize that gas for export from the Province of Alberta must be surplus to the needs of the residents of the Province of Alberta and, accordingly, Westcoast agrees that gas delivered to it hereunder will be made available to meet bona fide requirements of distribution systems servicing population centers which can economically be supplied from this source.

The arrangement between your Company and Westcoast as herein set out is conditional upon both your Company and Westcoast being granted on or before December 31, 1958, all necessary Governmental and Regulatory permits and authorizations required to enable them to make and take delivery of the Initial Volume of 50 million cubic feet of natural gas per day herein proposed to be sold and purchased.



Jefferson Lake Sulphur Company

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June 18, 1957

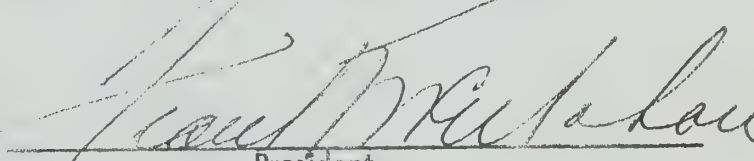
Your Company and Westcoast will enter into a formal agreement embodying the foregoing and other terms substantially as contained in the form of contracts under which Westcoast has currently arranged to purchase gas in Alberta, modified so as to be applicable to the sale and purchase of dry natural gas at a central point in the field.

It is understood that this letter shall constitute a firm commitment for the sale and purchase of the volumes of gas herein set forth, and the said volumes of gas and the lands and leases in which the same are contained shall be deemed to be dedicated to the markets to be served by Westcoast.

If the foregoing offer is acceptable to your Company, will you so indicate your acceptance and agreement thereto by executing the original and two copies of this letter in the place indicated below, and returning two copies to us, retaining one copy for your files. Upon receipt from you of such executed copies, this letter shall be and become binding upon our respective Companies.

Yours very truly,

WESTCOAST TRANSMISSION COMPANY LIMITED

  
President

ACCEPTED AND AGREED TO This  
3rd day of ~~June~~ July, 1957.

JEFFERSON LAKE SULPHUR COMPANY,

By   
\_\_\_\_\_









# JEFFERSON LAKE SULPHUR COMPANY

WHITNEY BUILDING  
NEW ORLEANS 12

July 3, 1957

Westcoast Transmission Company, Ltd.  
700 Pacific Building  
Calgary, Alberta

Attention: Mr. Frank M. McMahon, President

Gentlemen:

We return herewith two copies of your letter to us of June 18, executed by us to indicate our acceptance thereof.

It is, however, understood that this acceptance is subject to the following clarifications of your letter:

- 1 - It is understood that our obligation will be limited to the use of our best efforts, as a reasonably prudent operator, to drill, develop and produce the quantities of gas mentioned in your letter.
- 2 - As we understand the second paragraph on page 2 of your letter, you are to have the definite right and obligation to purchase the additional volumes specified, but only ~~after~~ <sup>on</sup> expiration of eighteen months from the date of the notice mentioned in that paragraph.
- 3 - Confirming your telegram to us of June 28 with reference to your letter of June 18, the formal agreement to be executed will include a favored-nations provision whereby you will adjust all gas prices by  $2\frac{1}{2}\%$  for every 25 BTU per cubic foot in excess, on an average, of 1025 BTU per cubic foot, or below 975 BTU per cubic foot, if any other purchaser of gas for similar use for export from Alberta takes delivery of and pays for gas in Southern Alberta at comparable prices, with provision for such adjustment.

Please indicate your acceptance of these clarifications by executing and returning to us a copy of this letter.

JEFFERSON LAKE SULPHUR COMPANY

BY *JMM Manley*  
Vice President

Accepted:  
Westcoast Transmission Company, Ltd.

BY *Frank M. McMahon*  
*July 8*, 1957









COPY

WESTCOAST TRANSMISSION COMPANY LIMITED  
700 Pacific Building  
Calgary Alberta

August 1, 1957

Merrill Petroleums Ltd.  
510a - 8th Avenue S.W.,  
CALGARY, Alberta.

Dear Sirs:

You have advised us that your Company is the Lessee of Petroleum and Natural Gas Rights underlying the following lands:

North half of Section 26, Township 25,  
Range 29, West of the Fourth Meridian,  
(hereinafter called "the said lands").

The said lands are included in the area known as the East Calgary Field and are in the vicinity of the well Jefferson Lake-North Calgary-C.P.R. No. 27-6, drilled by Jefferson Lake Sulphur Company (Jefferson Lake), which discovered gas reserves in the Mississippian and Devonian.

Westcoast has entered into a Letter Agreement dated June 18, 1957, as clarified by a further letter dated July 3, 1957, (the Letter Agreement dated June 18, 1957, and the letter of clarification dated July 3, 1957, are hereinafter collectively referred to as "the said Letter Agreement" and copies of same are attached hereto as Schedule "A"), whereby Jefferson Lake sold and Westcoast purchased the volumes of natural gas for the prices and on the terms and conditions therein set forth.

Jefferson Lake is proposing to construct a plant in the East Calgary Field to process raw natural gas into merchantable pipeline gas. It is assumed that, in the event recoverable gas reserves in commercial quantities are discovered underlying the said lands, you will desire to have such gas processed by Jefferson Lake and will negotiate a mutually satisfactory arrangement with Jefferson Lake.

In the event that recoverable gas reserves in commercial quantities are discovered underlying the said lands, Westcoast hereby offers to purchase such gas from you



COPY

Merrill Petroleum Ltd. (cont'd)

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August 1, 1957

on the same basis and subject to the same terms and conditions set forth in the said Letter Agreement.

It is understood that this letter shall constitute a firm commitment for the sale and purchase of the volumes of gas herein set forth, and the said volumes of gas and the lands and leases in which the same are contained shall be deemed to be dedicated to the markets to be served by Westcoast.

If the foregoing offer is acceptable to your Company, will you so indicate your acceptance and agreement thereto by executing the original and two copies of this letter in the place indicated below, and returning two copies to us, retaining one copy for your files. Upon receipt from you of such executed copies, this letter shall be and become binding upon our respective Companies.

Your very truly,

WESTCOAST TRANSMISSION COMPANY LIMITED

"Chas. R. Hetherington"

ACCEPTED and AGREED this  
7th day of August, 1957.

MERRILL PETROLEUMS LTD.

"S. R. King"













